

Public Comment Process

The public will have an opportunity to review this plan and provide comment in a public forum. Mohave County staff will publicly advertise the delivery of the plan to the County and will notify the residents of Mohave County where they can review the document. The public comment period will be 45 days from the time of public posting of the document to the time of the public meeting on the Plan document. In addition, Mohave County will send mail notifications to those residents and businesses determined to be directly impacted by the project.

Mohave County will hold a public meeting to discuss the Plan amendment. This public meeting will provide a forum for the public to express support, concerns, or answer questions on the project. These comments, and responses to the comments generated by the public input process, will be incorporated into the Plan document prior to a final decision on the Plan amendment.

Appendix A

208 Plan Amendment Checklist

208 PLAN AMENDMENT CHECKLIST

Section 208 Clean Water Act

40 CFR Part 130.6

REQUIREMENT	BRIEF SUMMARY OF HOW THE REQUIREMENTS IS ADDRESSED:	ADDRESSED ON PAGE:
<p>AUTHORITY Proposed Designated Management Agency (DMA) shall self-certify that it has the authorities required by Section 208(c) (2) of the Clean Water Act to implement the plan for its proposed planning and service areas. Self-certification shall be in the form of a legal opinion by the DMA or entity attorney.</p>	<p>Mohave County is the Designated Planning Agency (DPA) for this project. Perkins Mountain Utilities Company will own, operate and maintain the system as a private utility. There is no DMA for the project.</p>	<p>Page 3</p>
<p>20-YEAR NEEDS <i>{Clearly describe the existing wastewater treatment (WWT) facilities;}</i></p> <ul style="list-style-type: none"> Describe existing WWT facilities. 	<p>There are no public wastewater collection or treatment facilities within the plan area. Existing residential development in the areas adjacent to the plan area are rural in nature and served by on-site septic systems. The closest WWTP (the Black Mountain Prison WWTP) is approximately 7 miles south of the plan area and is owned by a private utility. The plant would require significant upgrades (denitrification, filtration and disinfection) to meet the reuse needs of the development, plus an additional 7 miles of gravity main, a reuse water pump station, and an additional 7 miles of reuse force main. This site was financially infeasible and was not chosen for further study.</p>	<p>Pages 1-2 Figure 1</p>
<ul style="list-style-type: none"> Show WWTP certified and service areas for private utilities and sanitary district boundaries if appropriate. 	<p>There are currently no private utilities or sanitary districts within the plan area. The location of private utilities and sanitary district boundaries in the vicinity of GV Ranch are shown in Figure 1. The location of the interim and permanent WWTP and the Perkins Mountain Utilities Company/GV Ranch service area are also illustrated in Figure 1. The Perkins Mountain Utilities Company (PMUC) has filed with the ACC for a Certificate of Convenience & Necessity (CC&N) for GVR.</p>	<p>Page 1 Figure 1</p>

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Golden Valley Ranch
Wastewater Treatment Plant – Draft 208 Plan Amendment Check List

 Stanley Consultants inc.

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REQUIREMENT	BRIEF SUMMARY OF HOW THE REQUIREMENTS IS ADDRESSED:	ADDRESSED ON PAGE:
<p>Clearly describe alternatives and the recommended WWT plan:</p> <ul style="list-style-type: none"> Provide POPTAC population estimates (or COG-approved estimates only where POPTAC not available) over 20-year period. 	<p>POPTAC population estimates as published in the approved Moheve County 208 Plan, Arizona Department of Economic Security (ADES) population projections calculated in 2005, and GV Ranch community population projections are shown in Table 1. The development of the GV Ranch Master Planned Community exceeds both government population projections. GV Ranch population projections will be used for WWTP phasing.</p>	<p>Page 4 Table 1</p>
<ul style="list-style-type: none"> Provide wastewater flow estimates over the 20-year planning period. 	<p>Flow estimates for the interim and permanent WWTPs are shown in Tables 2, 3 and 4. These estimates are based on population projections for GV Ranch. The addition of up to 250,000 gpd of City of Kingman Downtown WWTP wastewater is also included in the Permanent WWTP Flow estimate table (Table 3).</p>	<p>Pages 5, 6 Tables 2, 3 and 4</p>
<ul style="list-style-type: none"> Illustrate the WWTP planning and service areas. 	<p>Planning and Service Area is shown in Figure 1.</p>	<p>Page 1 Figure 1</p>
<ul style="list-style-type: none"> Describe the type and capacity of the recommended WWT Plant. 	<p>Wastewater treatment capacity will be constructed in multiple phases. An interim plant sized for an average day of maximum month (admm) flow of 0.24 mgd will be constructed first. Concurrent to the interim plant, the first phase (1.0 mgd admm) of an ultimate 9.4 mgd admm WWTP will be designed and constructed. The interim and Permanent plants will provide Class A+ wastewater through a tertiary treatment process including filtration, nutrient removal and disinfection. The interim WWTP will use membrane bioreactor technology. The permanent WWTP will use SBR technology for the first two phases, with a re-evaluation and possible technology retrofit for subsequent phases.</p>	<p>Pages 6 - 9 Figures 4 and 8</p>

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REQUIREMENT	BRIEF SUMMARY OF HOW THE REQUIREMENTS IS ADDRESSED:	ADDRESSED ON PAGE:
Identify water quality problems, consider alternative control measures, and recommend solution for implementation.	There will be no anticipated water quality problems for either WWTP.	Pages 7-9
<ul style="list-style-type: none"> ▪ If private WWTP utilities with certificated areas are within the proposed regional service area, define who (municipal or private utility) serves what area and when. Identify whose sewer lines can be approved in what areas and when. 	<p>There are no existing private WWTP utilities in the plan area.</p> <p>See Figure 1.</p> <p>The PMUC has filed with the ACC for a CC&N for the GV Ranch service area.</p>	<p>Page 1</p> <p>Figure 1</p>
<ul style="list-style-type: none"> ▪ Describe method of effluent disposal and reuse sites (if appropriate). 	<p>Effluent from the interim WWTP will be reused for golf course irrigation. The water will be delivered to the golf course lake system. If the golf course lake system is at capacity, effluent will be discharged into a tributary of the Thirteen Mile Wash via an approved discharge permit.</p> <p>Effluent from the permanent WWTP will be reused for golf course and park irrigation. Although we anticipate 100% reuse year round, in the event that the effluent cannot be used on-site, the effluent will be discharged into a tributary of the Thirteen Mile Wash via an approved discharge permit.</p>	<p>Pages 7, 9</p> <p>Figures 6 and 7</p>

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REQUIREMENT	BRIEF SUMMARY OF HOW THE REQUIREMENTS IS ADDRESSED:	ADDRESSED ON PAGE:
<ul style="list-style-type: none"> ▪ If sanitary districts are within a proposed planning or service area, describe who serves the sanitary districts and when. 	<p>There are no sanitary districts in the GV Ranch plan area. See Figure 1.</p>	<p>Page 1 Figure 1</p>
<ul style="list-style-type: none"> ▪ Describe ownership of land proposed for plant sites and reuse areas. 	<p>The land on which both WWTPs will be constructed belongs to Rhodes. The interim and permanent WWTP properties will be transferred to PMUC when each of the WWTP's initial phases are ready for service. Rhodes will retain ownership of the golf course. The parks will be owned by the community HOA.</p>	<p>Pages 7, 8</p>
<ul style="list-style-type: none"> ▪ Address time frames in the development of the treatment works. 	<p>The interim WWTP will be available for operation prior to occupation of the first residential unit. The facility is currently under design, with procurement of equipment starting in July of 2006, construction starting in October 2006, and substantial completion anticipated for March 2007. The permanent WWTP is scheduled to begin design in July of 2006, with procurement of equipment starting in October 2006, construction starting in January 2007, and substantial completion anticipated for December 2007. This implementation schedule is designed to bring the permanent WWTP on-line prior to reaching 80% of the capacity of the Interim WWTP.</p>	<p>Pages 10, 11</p>
<ul style="list-style-type: none"> ▪ Address financial constraints in the development of the treatment works. 	<p>Both the interim and permanent WWTPs are being privately financed by Rhodes, the parent company of the PMUC. Rhodes has demonstrated the financial stability to fund these projects as a part of the ACC C&N filing for PMUC.</p>	<p>Pages 13, 14</p>

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REQUIREMENT	BRIEF SUMMARY OF HOW THE REQUIREMENTS IS ADDRESSED:	ADDRESSED ON PAGE:
<ul style="list-style-type: none"> Describe how discharges will comply with EPA municipal and industrial stormwater discharge regulations (Section 405, CWA). 	<p>Section 405 of the Clean Water Act deals with sewage sludge. Liquid sludge from the interim WWTP will be removed from the site and hauled to a landfill for disposal. The transfer location will have provisions to be fully contained in the event of any spillage during sludge transfer. Spillage will be drained back to the influent pump station. Sludge from the permanent WWTP may initially be hauled in liquid form under a process identical to the interim WWTP. As flows increase, sludge will be thickened and dewatered mechanically, with the dewatered "sludge cake" being removed from site and hauled to a landfill for disposal. Any fluid generated by the dewatering process will be returned to the headworks of the plant. As such, there will be no sludge drying beds on site and no anticipated "discharge" from the solids handling facilities of either plant.</p> <p>Stormwater discharges are not anticipated. The sites will be graded and drained to stormwater retention basins sized to meet regulatory requirements for stormwater retention.</p>	<p>Pages 7, 8, 9 Figure 10</p>
<ul style="list-style-type: none"> Describe how open areas and recreational opportunities will result from improved water quality and how those will be used. 	<p>The "improved water quality" created by treating the development's wastewater allows for the operation of a golf course using reclaimed water for irrigation, reducing the dependence on the groundwater aquifer for golf course watering. Both the interim and permanent facilities will route treated wastewater to the golf course for this purpose. In addition to the golf course, the permanent WWTP will provide several regional parks with effluent for irrigation.</p>	<p>Page 14</p>
<ul style="list-style-type: none"> Describe potential use of lands associated with treatment works and increased access to water-based recreation, if applicable. 	<p>The WWTP properties will only be used for treatment purposes.</p>	<p>N/A</p>

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REQUIREMENT	BRIEF SUMMARY OF HOW THE REQUIREMENTS IS ADDRESSED:	ADDRESSED ON PAGE:
REGULATIONS <ul style="list-style-type: none"> Describe types of permits needed, included NPDES, APP and reuse. 	Permits required for the interim and permanent facilities are the 208 Plan Amendment, APP, AZPDES and Reclaimed Water permits. In addition, an Air quality permit will be required for the permanent facility. A Mohave County building permit will also be required. The Contractor must obtain an AZPDES SWPPP permit.	Pages 11-13
<ul style="list-style-type: none"> Describe restrictions on NPDES permits, if needed, for discharge and sludge disposal. 	Both the interim and permanent facilities will treat to Class A+ effluent standards and will have solids handling processes that will not generate any discharges from the site. In addition, reuse options will be utilized prior to specific AZPDES discharges. As such, there are no restrictions on AZPDES permits.	Pages 7, 9
<ul style="list-style-type: none"> Provide documentation of communication with ADEQ Permitting Section 30 to 60 days prior to public hearing regarding the need for specific permits. 	There is no dispute on the need for the permits listed within. Permitting discussions have been held with ADEQ and consensus has been reached on all applicable permits for these WWTPs. See meeting notes included in Appendix C.	Pages 11-13 Appendix C
<ul style="list-style-type: none"> Describe pretreatment requirements and method of adherence to requirements (Section 208(b)(2)(D), CWA). 	There will be no residential pretreatment requirements. Commercial and industrial pretreatment requirements will meet state requirements and industry standards in place at the time the establishment is constructed. These requirements will be provided to the owner of the establishment at the time that the owner applies for a sewer connection. Adherence to pretreatment requirements will be enforced by building inspectors during construction and PMUC inspectors thereafter. Any flows from the City of Kingman Downtown WWTP will be required to adhere to these same standards.	Page 10

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REQUIREMENT	BRIEF SUMMARY OF HOW THE REQUIREMENTS IS ADDRESSED:	ADDRESSED ON PAGE:
<ul style="list-style-type: none"> Identify, if appropriate, specific pollutants that will be produced from excavations and procedures that will protect ground and surface water quality (Section 208(b)(2)(k) and Section 304, CWA). 	Specific pollutants typical of construction projects include dust, migration of soil due to stormwater runoff, construction debris and trash, and construction vehicle fluids. Dust control procedures will be implemented, stormwater runoff will be retained on-site via ponds and silt fences, construction trash will be collected in approved receptacles daily, and construction vehicles will have a designated area for maintenance and fluid replacement, with said area provided with a physical barrier to prevent migration of these fluids into the soil. All protection measures will be in compliance with sections 208 (b)(2)(k) and 304 of the Clean Water Act (CWA).	Pages 10, 13
<ul style="list-style-type: none"> Define alternatives and recommendation in the disposition of sludge generated. (Section 405 CWA). 	Liquid sludge from the interim WWTP will be removed from site and hauled to a landfill for disposal. Sludge from the permanent WWTP may initially be hauled in liquid form under a process identical to the interim WWTP. As flows increase, though, sludge will be thickened and dewatered mechanically, with the dewatered "sludge cake" being removed from site and hauled to a landfill for disposal.	Pages 7, 9
<ul style="list-style-type: none"> Define any nonpoint issues related to the proposed facility and outline procedures to control them. 	Non-point discharges are not anticipated.	N/A
<ul style="list-style-type: none"> Describe process to handle all mining runoff, orphan sites and underground pollutants, if applicable. 	This is not a mine site.	N/A
<ul style="list-style-type: none"> If mining related, define where collection of pollutants has occurred, and what procedures are going to be initiated to contain contaminated areas. 	This is not a mine site.	N/A

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<ul style="list-style-type: none"> If mining related, define what specialized procedures will be initiated for orphan sites, if applicable. 	This is not a mine site.	N/A
CONSTRUCTION Define construction priorities and time schedules for initiation and completion.	The interim facility is currently under design, with procurement of equipment starting in July of 2006, construction starting in October 2006, and substantial completion anticipated for March 2007. The permanent facility is scheduled to begin design in July of 2006, with procurement of equipment starting in October 2006, construction starting in January 2007, and substantial completion anticipated for December 2007. This implementation schedule is designed to bring the permanent facility on-line prior to reaching 80% of the capacity of the Interim facility.	Pages 10, 11
Identify agencies who will construct, operate and maintain the facilities and otherwise carry out the plan.	Rhodes is responsible for construction of the WWTPs and has hired Stanley to assist with program management, design, procurement and construction administration. The WWTP will be operated and maintained by the PMUC.	Page 3
Identify construction activity-related sources of pollution and set forth procedures and methods to control, to the extent feasible, such sources.	Specific pollutants typical of construction projects include dust, migration of soil due to stormwater runoff, construction debris and trash, and construction vehicle fluids. Dust control measures will be implemented, stormwater runoff will be retained on-site via ponds and silt fences, construction trash will be collected in approved receptacles daily, and construction vehicles will have a designated area for maintenance and fluid replacement, with said area provided with a physical barrier to prevent migration of these fluids into the soil. All protection measures will be in compliance with sections 208 (b)(2)(k) and 304 of the CWA.	Pages 10, 13

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REQUIREMENT	BRIEF SUMMARY OF HOW THE REQUIREMENTS IS ADDRESSED:	ADDRESSED ON PAGE:
FINANCING AND OTHER MEASURES NECESSARY TO CARRY OUT THE PLAN <ul style="list-style-type: none"> If plan proposes to take over certificated private utility, describe how, when financing will be managed. 	There are no certificated private utilities in the service area.	Page 1 Figure 1
<ul style="list-style-type: none"> Describe any significant measure necessary to carry out the plan, e.g., institutional, financial, economic, etc. 	Both the interim and permanent WWTPs are being privately financed by Rhodes, the parent company of the PMUC. Rhodes has demonstrated the financial stability to fund these projects as part of the ACC CC&N filing for PMUC. If the City of Kingman and PMUC reach a service agreement, Kingman will finance the conveyance system for their sewage, inclusive of pipeline, pump station, connection into the PMUC system, and any oversizing of the PMUC sewage collection trunk mains.	Pages 13, 14
<ul style="list-style-type: none"> Describe proposed method(s) of community financing. 	Both WWTPs will be financed by Rhodes. PMUC will finance the operation of the system within the guidelines of the CC&N.	Pages 13, 14
<ul style="list-style-type: none"> Provide financial information to assure DMA has financial capability to operate and maintain wastewater system over its useful life. 	There is no DMA for this project. Rhodes has provided financial data for O&M of these facilities to the ACC in the CC&N application for PUMC. This information is included in Appendix D.	Pages 3, 13, 14 Appendix D

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REQUIREMENT	BRIEF SUMMARY OF HOW THE REQUIREMENTS IS ADDRESSED:	ADDRESSED ON PAGE:
<ul style="list-style-type: none"> Provide a time line outlining period of time necessary for carrying out plan implementation. 	<p>The interim facility is currently under design, with procurement of equipment starting in July of 2006, construction starting in October 2006, and substantial completion anticipated for March 2007. The permanent facility is scheduled to begin design in July of 2006, with procurement of equipment starting in October 2006, construction starting in January 2007, and substantial completion anticipated for December 2007. This implementation schedule is designed to bring the permanent facility on-line prior to reaching 80% of the capacity of the Interim facility. Future phases will be based on need.</p>	<p>Pages 10, 11</p>
<ul style="list-style-type: none"> Provide financial information indicating the method and measures necessary to achieve project financing. (Section 201 CWA or Section 604 may apply). 	<p>All relevant financial data is included in Appendix D.</p>	<p>Pages 13, 14 Appendix D</p>
<p>IMPLEMENTABILITY</p> <p>Describe impacts and implementability of Plan:</p> <ul style="list-style-type: none"> Describe impacts on existing wastewater (WW) facilities, e.g., sanitary district, infrastructure/facilities and certificated areas. 	<p>There are no existing centralized WWT facilities in the service area. Any septic tanks in the service area will be removed from service. The Black Mountain Prison WWTP will not be impacted.</p>	<p>Pages 1, 2</p>
<ul style="list-style-type: none"> Describe how and when existing package plants will be connected to a regional system. 	<p>The interim WWTP will be decommissioned and relocated once the permanent WWTP is ready for service.</p>	<p>Page 11</p>

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<ul style="list-style-type: none"> Describe the impact on communities and businesses affected by the plan. 	<p>As there are no existing businesses or communities in the service area, there is no impact to existing businesses or communities.</p> <p>The phasing of the interim and permanent WWTPs will allow the proposed development to be built at the pace dictated by the market. As such, there is no discernable impact to future communities and businesses.</p> <p>If the City of Kingman routes its flow from Kingman's Downtown WWTP, Kingman will benefit by removing an O+M challenged, overtaxed WWTP from their system and GV Ranch will benefit by having a reliable base flow for the permanent WWTP. Any schedule or capacity impacts can be minimized during the design of the permanent WWTP.</p>	Page 14
<ul style="list-style-type: none"> If a municipal wastewater (WWT) system is proposed, describe how WWT service will be provided until the municipal system is completed, i.e., will package plants and septic systems be allowed and under what circumstances. (Interim services). 	<p>The interim WWTP will be on-line prior to issuance of the Certificate of Occupancy of the first residential unit. There will be no septic systems allowed. The permanent WWTP will replace the interim WWTP when the permanent WWTP is ready for service.</p>	Pages 7, 11
<p>PUBLIC PARTICIPATION</p> <ul style="list-style-type: none"> Submit copy of mailing list used to notify the public of the public hearing on the 208 amendment. (40 CFR, Chapter 1, Part 25.5) 	<p>Mohave County will submit the mailing list to Rhodes at the appropriate time in the review process and Rhodes will distribute the public notifications as required. This list will be included in Appendix E.</p>	<p>Page 15</p> <p>Appendix E</p>

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REQUIREMENT	BRIEF SUMMARY OF HOW THE REQUIREMENTS IS ADDRESSED:	ADDRESSED ON PAGE:
<ul style="list-style-type: none"> List location where documents are available for review at least 30 days before public hearing. 	Rhodes will submit all relevant documents to Mohave County who will have the information available for public review. In addition, Rhodes will include statements that the information can be viewed at the Mohave County offices with the public notification letters. This information will be included in Appendix E.	Page 15 Appendix E
<ul style="list-style-type: none"> Submit copy of the public notice of the public hearing as well as an official affidavit of publication from the area newspaper. Clearly show the announcement that appeared in the newspaper at least 45 days before the hearing. 	Mohave County will provide this information to Rhodes for inclusion in the 208 Plan Amendment document when the County has this information. This information will be included in Appendix E.	Page 15 Appendix E
<ul style="list-style-type: none"> Submit affidavit of publication for official newspaper publication. 	Mohave County will provide this information to Rhodes for inclusion in the 208 Plan Amendment document when the County has this information. This information will be included in Appendix E.	Page 15 Appendix E
<ul style="list-style-type: none"> Submit responsiveness summary for public hearing. 	Mohave County will provide this information to Rhodes for inclusion in the 208 Plan Amendment document when the County has this information. This information will be included in Appendix E.	Page 15 Appendix E

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Appendix B

City of Kingman Meeting Minutes of November 7, 2005

CITY OF KINGMAN
City Council Chambers - 310 N. 4th Street

REGULAR MEETING OF THE COMMON COUNCIL

5:00 P.M.

AGENDA

Monday, November 7, 2005

CALL TO ORDER & ROLL CALL

INVOCATION will be given by Pastor Ken Davidson of the Desert Church of Christ

PLEDGE OF ALLEGIANCE

THE COUNCIL MAY GO INTO EXECUTIVE SESSION FOR LEGAL COUNSEL IN ACCORDANCE WITH A.R.S.38-431.03(A)(3) TO DISCUSS ANY AGENDA ITEM. THE FOLLOWING ITEMS MAY BE DISCUSSED, CONSIDERED AND DECISIONS MADE RELATING THERETO:

1. **APPROVAL OF MINUTES** (October 3, 2005 and Work Session of October 17, 2005)
2. **APPOINTMENTS**
 - Parks and Recreation Advisory Commission
 - Golf Course Advisory Commission
3. **CALL TO THE PUBLIC - COMMENTS FROM THE PUBLIC**
 - Those wishing to address the Council should fill out request forms in advance. Action taken as a result of public comments will be limited to directing staff to study the matter or rescheduling the matter for consideration and decision at a later time. Comments should be limited to no longer than 5 minutes.
4. **CONSENT AGENDA**
 - All matters listed here are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the CONSENT AGENDA and will be considered separately.
 - a) **Liquor License application - Extension of Premises**
 - Gerard Guedon, Hotel Brunswick, located at 315 E. Andy Devine Avenue, Kingman, Arizona, has applied for a permanent extension of premises for an added meeting room adjacent to the hotel
 - b) **Resolution No. 4190**
 - Approving the final plat and accepting property escrow assurances from TransNation Title for La Costa, Tract 6000
 - c) **Resolution No. 4197**
 - Accepting improvements and authorizing the release of property escrow assurances for Rancho Santa Fe Tr. 1953-F
 - d) **Resolution No. 4202**
 - Approval of final plat and improvement plans for Rancho Santa Fe IV, Tract 1953-I
 - e) **Resolution No. 4199**
 - Approving the final plat and accepting improvement plans for Southern Vista III, Tract 6002
 - f) **Resolution No. 4211**
 - Request to release the property escrow assurances for Mission Hills II, Tract 1992, and accepting a cash assurance in the amount of \$50,000 for all remaining improvements
 - g) **Resolution No. 4212**
 - Approving the release of the first Letter of Credit for \$321,852 and the acceptance of a new Letter of Credit for \$49,844.40 for uncompleted sidewalks and punch list items in Arroyo Vista
 - h) **Resolution No. 4213**
 - Approving the release of the property escrow assurance for the off-site improvements and the acceptance of a \$50,000 subdivision bond for the value of the work to be completed in The Villas, Tract 1946 - C & D
 - i) **Resolution No. 4214**
 - Approving the final plat, improvement plans and proposed assurances for Canyon Bluff Estates, Tract 6001

- j) **1-Resolution No. 4203**
Acceptance of Deed of Dedication for right-of-way for Stockton Hill Road, Section 24, T22N, R17W of the G&SRM from Majid Nayeri, Vahid Nayeri, and Mohammad Kasra Zarbinian, grantors.

2-Resolution No. 4204
Acceptance of Deed of Dedication for right-of-way for Grace Neal Road, Section 24, T22N, R17W of the G&SRM from Majid Nayeri, Vahid Nayeri, and Mohammad Kasra Zarbinian, grantors.
- k) **Resolution No. 4198**
Accepting ADOT Grant # E-6F47 ARFF (Aircraft Rescue Firefighter Vehicle) and Building at the Kingman Airport Authority & Industrial Park
- l) **Resolution No. 4205**
Amend Personnel Classification Exhibit B and Personnel Rules and Regulations Rule 1. Section 35. and Section 43.
- m) **Resolution No. 4200**
Declaring the City's intent to collect water paybacks for N. Bank St. [project No. 03-W-0022]
- n) **Resolution No. 4201**
Declaring the City's intent to collect sewer paybacks for N. Bank St. [project No. 03-S-0023]
- o) Declaring the Kingman Fire Department's low pressure breathing air compressor as surplus property and donating it to the Golden Valley Fire District for their use
- p) **1-Change Order No. 3 to JNJ Engineering Construction, Inc, for the drainage channel improvement [Contract No. 04/05-01] increasing the contract total by \$1,602.67. This will provide for additional construction requirements to meet MAG standards.**

2-Change Order No. 4 to JNJ Engineering Construction, Inc, for the drainage channel improvement [Contract No. 04/05-01] increasing the contract total by \$7,859.24. This will provide for an increase to bid quantities for the construction of a drainage spillway, a rip-rap lined channel and a time extension to allow for the construction of these items.
- q) **1-Change Order No. 2 to JNJ Engineering, [contract No. 04/05-02], for water and sewer project, increasing the contract by \$5,338.26**

2-Acceptance of water and sewer projects [contract no. 04/05-02] and approving final payment to JNJ Engineering in the amount of \$34,751.81
- r) Authorizing the Mayor to sign an agreement with Breckenridge Group Architects/Planners *in the* amount of \$183,355 for architectural services for the Fire Station #2 replacement project
- s) Authorize the Mayor to sign a Delegation Agreement with ADEQ allowing the City to Review and Approve Extensions to the City's Water and Sewer Systems
- t) Authorization to sell Parcel IV-U-B-C at the Kingman Airport & Industrial Park on December 5, 2005
- u) Authorization to sell Parcel IV-U-B-B at the Kingman Airport & Industrial Park on December 5, 2005
- v) Authorization to sell Parcel VI-E-C-G at the Kingman Airport & Industrial Park on December 5, 2005
- w) Authorization to sell Parcel VI-E-D at the Kingman Airport & Industrial Park on December 5, 2005
- x) Authorizing the City Manager to sign an agreement with PinnacleOne for a Space Needs Assessment not to exceed \$35,000
- y) **Municipal Utilities Commission Recommendation**
-1) Resolution No. 4215
-water service to a 4.63 acre parcel for a proposed subdivision to be called Morrow Acres III, Tract 6008, located east of N. Glen, and south of Kino. This site is inside the City limits, and inside the water service boundary area. This was requested by Mohave Engineering, applicant for Greg Benetti, property owner.

-2) Resolution No. 4216

-water service to an approximate 15.1 acre subdivision to be called Canyon Bluff Estates II, Tract 6005, located on the east side of Canyon Road south of Mission Boulevard. This site is inside the City limits and inside the water service boundary area.

z) AWARD OF BIDS/PROPOSALS/CONTRACTS

-PW-Award of Bid -10 (ten) new vehicles to Mel Clayton Ford in the amount of \$274,000; 3 (three) new vehicles to Martin Swanty Chrysler in the amount of \$40,000; and 1 (one) new vehicle to Five Star Ford in the amount of \$67,000

-KFD - Award of Bid to Frontier Emergency Products in the amount of \$197,678.87 for one (1) Emergency Support Rescue Vehicle [per Code Section 2-160E, Cooperative Purchase with Kenai, Alaska]

-CDBG Project #163-05- Award of Bid for the Boys & Girls Club, Renovation Phase III Electrical, to Mestizo Electrical Contractors, Inc in the amount of \$20,257.75

Unfinished Business: (for action)**5. a) Ordinance No. 1502 - This item was tabled at the October 3, 2005 Council Meeting**

A request from Greg Benetti, applicant and property owner, to rezone certain property from R-R: Rural Residential to R-1-6: Residential, Single Family, 6,000 square foot lot minimum. The proposed rezoning would allow for the development of a subdivision called Morrow Acres III, Tract 6008, containing up to 19 single family residential units. The subject property is located north of Morrow Avenue, south of Kino Avenue and east of North Glen Street. The property is 4.63 acres in size and is further described as a portion of Block 2 of Morrow Acres, Unit 2, Section 6, T21N, R16W, of the G&SRM, Mohave County, Arizona.

b) Resolution No. 4192 - This item was tabled at the October 3, 2005 Council Meeting

A request from Greg Benetti, property owner, and Mohave Engineering Associates, project engineer, for approval of a preliminary plat for a single family residential subdivision to be known as Morrow Acres III, Tract 6008. The property is 4.63 acres in size and is located along the east side of North Glen Street, south of Kino Avenue and north of Morrow Avenue. The subdivision is proposed to have 19 lots ranging in size from 6,967 to 18,073 square feet in size. The subject property is further described as a portion of Block 2 of Morrow Acres, Unit 2, Section 6, R16W, T21N, of the G&SRM, Mohave County, Arizona.

c) Public Auction

The sale of Parcel IV-U-B-A at the Kingman Airport & Industrial Park delineated on plat recorded August 16, 2005 at reception number 2005-089352 records of Mohave County, Arizona situate in the south half of Section 26, T22N, R16W, G&SRM Mohave County, Arizona. This parcel contains an area of 6 acres more or less and the minimum acceptable sale price of said property is a total of Two Hundred Thirty Four Thousand Dollars (\$234,000)

New Business: (for review, comment and/or action)**6. PUBLIC HEARINGS on Planning and Zoning Commission Recommendations****a) Resolution No 4206.**

A request from Rhodes Homes to approve a major amendment to the Projected Land Use Map of the Kingman General Plan 2020, for the Golden Valley Ranch area, by adding approximately 16,800 acres of property to the Projected Land Use Map. The subject property extends approximately seven miles to the west and four miles to the south of the existing incorporated boundary of the City of Kingman.

b) Resolution No 4207.

A request from Rhodes Homes to approve a major amendment to the Kingman General Plan 2020 by adding approximately 14,600 acres of property to the Projected Land Use Map. The subject property extends approximately nine miles east of the Kingman Airport north and east of the existing incorporated boundary of the City of Kingman.

c) Resolution No 4208.

A request from Mohave Engineering Associates, applicant and El Quiescence, LLC, property owner, for a minor amendment to the Kingman General Plan 2020 to modify approximately 10.2 acres of Medium Density Residential 3-8 du/ac and 4.9 acres of Intermediate Density Residential 4-16 du/ac to 15.1 acres of Community Commercial land uses. The subject property is located north of I-40, south of Vista Bella and east of Prospector Street, further described as portions of Kingman Ranch, Unit 2, Parcels 9 & 10, Section 10, T21N, R16W, of the G&SRM, Mohave County, Arizona.

- d) **Resolution No 4209.**
A request from Landmark Engineering, Inc, applicant, and Axel Development, Inc, Campana Family, LLC, Z Bella Investments, LLC, property owners, for a minor amendment to the Kingman General Plan 2020 by changing the projected land use by increasing land use areas for Medium Density Residential (3-8 du/ac), Neighborhood and Community Commercial, Light Industrial and Public/Quasi-Public, and decreasing land use areas for Intermediate Density Residential (9-16 du/ac) and a golf course area currently designated as Parks and Open Space. The subject property is located north of I-40, east of Andy Devine and both north and south of Airway Avenue and is further described as being located north and east of the existing Valle del Sol (Vista Bella), The Villas and Castle Rock Village subdivisions.
- e) **Ordinance No. 1504**
Nicholas E. Main, applicant and Barbara Linn, property owner, have requested the rezoning of certain property described as a portion of the SE 1/4, Government Lot 2, Section 7, T21N, R16W of the G&SRM, Mohave County, Arizona, from O: Recreational Open Space to C-3: Commercial, Service Business. The proposed rezoning would facilitate the development of a construction and landscape office. The property is approximately 1.88 acres in size and is located along the west side of Harrison Street between the Kingman Academy of Learning to the south and the UniSource Energy Equipment yard to the north.
- f) **Ordinance No. 1505**
A request for Council to approve a text amendment to the Zoning Ordinance adding a new overlay district and Section (15.000), Bank Street Design Review Overlay District
7. **Ordinance No. 1503**
Review and direction from Council regarding proposed change of City elections from a Spring Primary and General, to a Fall Primary and General Election
8. **Revenue and Fee Study Final Report**
a. Presentation of the October 2005 Revenue and Fee Study Final Report
b. Ordinance No. 1506 -Adjusting Business License Fee Changes, Planning & Zoning Fee Changes, Engineering Fee Changes
c. Notice of Intent to Establish Impact Fees for Parks, Police, Fire, Streets, Storm Drainage and General Government
d. Ordinance No. 1501 - to Increase City Sales Tax by .5% (from 2% to 2.5%)
9. **ANNOUNCEMENTS BY MAYOR & COUNCILMEMBERS**
10. **EXECUTIVE SESSION (per A.R.S. § 38-431.03 A.3)**
-There is no need for an executive session

ADJOURNMENT

POSTED: _____ by _____

CITY OF KINGMAN
REGULAR MEETING OF THE COMMON COUNCIL

5:00 P.M.

Minutes

Monday, November 7, 2005

Members:	Officers:	Visitors Signing In:
M. Gates, Mayor	P. Beecher, City Manager	See attached list
T. Spear, Vice Mayor	T. Duranceau, P & Z Director	
J. Baker	R. Taylor, City Attorney	
T. Carter	T. Weddle, City Clerk	
P. Moon	A. Gray, Deputy City Clerk	
D. French	C. Loyd, Finance Director	
R. Lyons	C. Osterman, Fire Chief	
	P. Johnson, Engineer	

Mayor Gates called the meeting to order at 5 p.m. and roll call was taken. All Council Members were present. The Invocation was given by Pastor Ken Davidson of the Desert Church of Christ, after which, the Pledge of Allegiance was said in unison.

1. **APPROVAL OF MINUTES** (October 3, 2005 and Work Session of October 17, 2005)

Councilmember Carter made a MOTION to approve the Minutes of October 3, 2005 as written. Vice Mayor Spear SECONDED and it was UNANIMOUSLY APPROVED.

Councilmember French made a MOTION to approve the Minutes of the Work Session of October 17, 2005 as written. Councilmember Carter SECONDED and it was UNANIMOUSLY APPROVED.

2. **APPOINTMENTS**

Parks and Recreation Advisory Commission

Mayor Gates stated that the Parks & Recreation Advisory Commission has recommended appointing Brent Potter to this Commission.

After no further discussion, Councilmember Carter made a MOTION to APPOINT Brent Potter to the Parks & Recreation Advisory Commission for a three year term expiring in December of 2008. Councilmember Lyons SECONDED and it was UNANIMOUSLY APPROVED.

Golf Course Advisory Commission

Mayor Gates stated that the Golf Course Advisory Commission has recommended appointing Donald Morgan to this Commission.

After no further discussion, Councilmember French made a MOTION to APPOINT Donald Morgan to the Golf Course Advisory Commission for a three year term expiring in December of 2008. Vice Mayor Spear SECONDED and it was UNANIMOUSLY APPROVED.

3. **CALL TO THE PUBLIC - COMMENTS FROM THE PUBLIC**

There were no Calls to the Public at this time.

4. **CONSENT AGENDA**

- a) **Liquor License application – Extension of Premises**
BGerard Guedon, Hotel Brunswick, located at 315 E. Andy Devine Avenue, Kingman, Arizona, has applied for a permanent extension of premises for an added meeting room adjacent to the hotel
- b) **Resolution No. 4190**
Approving the final plat and accepting property escrow assurances from TransNation Title for La Costa, Tract 6000
- c) **Resolution No. 4197**
Accepting improvements and authorizing the release of property escrow assurances for Rancho Santa Fe Tr. 1953-F
- d) **Resolution No. 4202**
Approval of final plat and improvement plans for Rancho Santa Fe IV, Tract 1953-I
- e) **Resolution No. 4199**
Approving the final plat and accepting improvement plans for Southern Vista III, Tract 6002
- f) **Resolution No. 4211**
Request to release the property escrow assurances for Mission Hills II, Tract 1992, and accepting a cash assurance in the amount of \$50,000 for all remaining improvements
- g) **Resolution No. 4212**
Approving the release of the first Letter of Credit for \$321,852 and the acceptance of a new Letter of Credit for \$49,844.40 for uncompleted sidewalks and punch list items in Arroyo Vista
- h) **Resolution No. 4213**
Approving the release of the property escrow assurance for the off-site improvements and the acceptance of a \$50,000 subdivision bond for the value of the work to be completed in The Villas, Tract 1946 - C & D
- i) **Resolution No. 4214**
Approving the final plat, improvement plans and proposed assurances for Canyon Bluff Estates, Tract 6001
- j) **1-Resolution No. 4203**
Acceptance of Deed of Dedication for right-of-way for Stockton Hill Road, Section 24, T22N, R17W of the G&SRM from Majid Nayeri, Vahid Nayeri, and Mohammad Kasra Zarbinian, grantors.

2-Resolution No. 4204
Acceptance of Deed of Dedication for right-of-way for Grace Neal Road, Section 24, T22N, R17W of the G&SRM from Majid Nayeri, Vahid Nayeri, and Mohammad Kasra Zarbinian, grantors.
- k) **Resolution No. 4198**
Accepting ADOT Grant # E-6F47 ARFF (Aircraft Rescue Firefighter Vehicle) and Building at the Kingman Airport Authority & Industrial Park
- l) **Resolution No. 4205**
Amend Personnel Classification Exhibit B and Personnel Rules and Regulations Rule 1. Section 35. and Section 43.
- m) **Resolution No. 4200**
Declaring the City's intent to collect water paybacks for N. Bank St. [project No. 03-W-0022]
- n) **Resolution No. 4201**
Declaring the City's intent to collect sewer paybacks for N. Bank St. [project No. 03-S-0023]
- o) Declaring the Kingman Fire Department's low pressure breathing air compressor as surplus property and donating it to the Golden Valley Fire District for their use

- p) 1-Change Order No. 3 to JNJ Engineering Construction, Inc, for the drainage channel improvement [Contract No. 04/05-01] increasing the contract total by \$1,602.67. This will provide for additional construction requirements to meet MAG standards.
- 2-Change Order No. 4 to JNJ Engineering Construction, Inc, for the drainage channel improvement [Contract No. 04/05-01] increasing the contract total by \$7,859.24. This will provide for an increase to bid quantities for the construction of a drainage spillway, a rip-rap lined channel and a time extension to allow for the construction of these items.
- q) 1-Change Order No. 2 to JNJ Engineering, [contract No. 04/05-02], for water and sewer project, increasing the contract by \$5,338.26
- 2-Acceptance of water and sewer projects [contract no. 04/05-02] and approving final payment to JNJ Engineering in the amount of \$34,751.81
- r) Authorizing the Mayor to sign an agreement with Breckenridge Group Architects/Planners in the amount of \$183,355 for architectural services for the Fire Station #2 replacement project
- s) Authorize the Mayor to sign a Delegation Agreement with ADEQ allowing the City to Review and Approve Extensions to the City's Water and Sewer Systems
- t) Authorization to sell Parcel IV-U-B-C at the Kingman Airport & Industrial Park on December 5, 2005
- u) Authorization to sell Parcel IV-U-B-B at the Kingman Airport & Industrial Park on December 5, 2005
- v) Authorization to sell Parcel VI-E-C-G at the Kingman Airport & Industrial Park on December 5, 2005
- w) Authorization to sell Parcel VI-E-D at the Kingman Airport & Industrial Park on December 5, 2005
- x) Authorizing the City Manager to sign an agreement with PinnacleOne for a Space Needs Assessment not to exceed \$35,000
- y) **Municipal Utilities Commission Recommendation**
- 1) **Resolution No. 4215**
Bwater service to a 4.63 acre parcel for a proposed subdivision to be called Morrow Acres III, Tract 6008, located east of N. Glen, and south of Kino. This site is inside the City limits, and inside the water service boundary area. This was requested by Mohave Engineering, applicant for Greg Benetti, property owner.
- 2) **Resolution No. 4216**
-water service to an approximate 15.1 acre subdivision to be called Canyon Bluff Estates II, Tract 6005, located on the east side of Canyon Road south of Mission Boulevard. This site is inside the City limits and inside the water service boundary area.
- z) **AWARD OF BIDS/PROPOSALS/CONTRACTS**
- BPW-Award of Bid - 10 (ten) new vehicles to Mel Clayton Ford in the amount of \$274,000; 3 (three) new vehicles to Martin Swanty Chrysler in the amount of \$40,000; and 1 (one) new vehicle to Five Star Ford in the amount of \$67,000
- KFD - Award of Bid to Frontier Emergency Products in the amount of \$197,678.87 for one (1) Emergency Support Rescue Vehicle [per Code Section 2-160E, Cooperative Purchase with Kenai, Alaska]
- CDBG Project #163-05- Award of Bid for the Boys & Girls Club, Renovation Phase III Electrical, to Mestizo Electrical Contractors, Inc in the amount of \$20,257.75

Mayor Gates requested that Item T be pulled from the Consent Agenda. Councilmember Carter stated that he would be abstaining from voting on Items C, D, E, F, I and Y. Councilmember Baker stated that he would be abstaining from voting on Items M and N.

Councilmember Baker made a MOTION to APPROVE the remainder of the Consent Agenda.
Councilmember Lyons SECONDED and it was UNANIMOUSLY APPROVED.

(Resolution No. 4190)

(Resolution No. 4212)
(Resolution No. 4213)
(Resolution No. 4203)
(Resolution No. 4204)
(Resolution No. 4198)
(Resolution No. 4205)
(Resolution No. 4216)

Item T:

Economic Development Director, Bob Riley of the Kingman Airport Authority & Industrial Park, requested that this item be pulled from the Consent Agenda due to the item being incomplete.

After no further discussion, Councilmember Baker made a MOTION to POSTPONE the authorization to sell Parcel IV-U-B-C at the Kingman Airport & Industrial Park on December 5, 2005. Councilmember Carter SECONDED and it was UNANIMOUSLY APPROVED.

Items C, D, E, F, I and Y:

Councilmember Baker made a MOTION to APPROVE Items C, D, E, F, I and Y. Vice Mayor Spear SECONDED and it was APPROVED by a vote of 6-0 with Councilmember Carter abstaining.

(Resolution No. 4197)
(Resolution No. 4202)
(Resolution No. 4199)
(Resolution No. 4211)
(Resolution No. 4214)
(Resolution No. 4215)

Items M and N:

Councilmember Carter made a MOTION to approve Items M and N. Vice Mayor Spear SECONDED and it was APPROVED by a vote of 6-0 with Councilmember Baker abstaining.

(Resolution No. 4200)
(Resolution No. 4201)

Unfinished Business: (for action)

5. a) **Ordinance No. 1502 – This item was tabled at the October 3, 2005 Council Meeting**
A request from Greg Benetti, applicant and property owner, to rezone certain property from R-R: Rural Residential to R-1-6: Residential, Single Family, 6,000 square foot lot minimum. The proposed rezoning would allow for the development of a subdivision called Morrow Acres III, Tract 6008, containing up to 19 single family residential units. The subject property is located north of Morrow Avenue, south of Kino Avenue and east of North Glen Street. The property is 4.63 acres in size and is further described as a portion of Block 2 of Morrow Acres, Unit 2, Section 6, T21N, R16W, of the G&SRM, Mohave County, Arizona.

Councilmember Carter stated that he would be abstaining from any discussion or voting on Items 5a and 5b.

City Manager Paul Beecher stated that the applicant was in the audience and that staff recommends approval with the conditions as outlined in Ordinance No. 1502.

The Public Hearing was opened. Citizen comments included:

Greg Benetti, applicant and property owner stated that Mohave Engineering had worked on the proposal and the decision was to stay with the original R-1-6 zoning.

Bill Watkins, 106 Yucca, stated that he owns three properties in Kingman and feels that Mr. Bennetti's work upgrades the areas and he's in support of this.

The Public Hearing was closed and after no further discussion, Councilmember Lyons made a MOTION to APPROVE Ordinance No. 1502. Councilmember French SECONDED, Mayor Gates, Vice Mayor Spear and Councilmember Baker voted NAY and Councilmember Carter abstained. The vote was polled by the City Clerk and Ordinance No. 1502 FAILED due to a tie vote of 3 voting AYE and 3 voting NAY.

(Ordinance No. 1502)

b) Resolution No. 4192 – This item was tabled at the October 3, 2005 Council Meeting

A request from Greg Benetti, property owner, and Mohave Engineering Associates, project engineer, for approval of a preliminary plat for a single family residential subdivision to be known as Morrow Acres III, Tract 6008. The property is 4.63 acres in size and is located along the east side of North Glen Street, south of Kino Avenue and north of Morrow Avenue. The subdivision is proposed to have 19 lots ranging in size from 6,967 to 18,073 square feet in size. The subject property is further described as a portion of Block 2 of Morrow Acres, Unit 2, Section 6, R16W, T21N, of the G&SRM, Mohave County, Arizona.

Councilmember Carter stated that he would be abstaining from any discussion or voting on Resolution No. 4192.

Councilmember Baker stated that due to the fact the applicant has paid the appropriate fees for this project, he should have another opportunity to work with staff to reach a compromise in considering higher density in the proposed area instead of lower density.

The Public Hearing was opened. Citizen comments included:

Greg Benetti, property owner, stated that Mohave Engineering designed the area to have the zoning of R-1-6 or R-2.

Councilmember Baker asked Mr. Beecher if a Special Meeting could be held before the Work Session on November 21, 2005. Mr. Beecher stated that he would look into it.

The Public Hearing was closed. No action was taken on this item.

c) Public Auction

The sale of Parcel IV-U-B-A at the Kingman Airport & Industrial Park delineated on plat recorded August 16, 2005 at reception number 2005-089352 records of Mohave County, Arizona situate in the south half of Section 26, T22N, R16W, G&SRM Mohave County, Arizona. This parcel contains an area of 6 acres more or less and the minimum acceptable sale price of said property is a total of Two Hundred Thirty Four Thousand Dollars (\$234,000)

Economic Development Director for the Kingman Airport Authority & Industrial Park, Bob Riley, stated that Starrfoam Manufacturing, Inc. is the only qualified bidder who can meet the Conditions of Sale as specified in the Public Notice at this time and requested that Mayor Gates open the Public Auction to see if there were any other qualified bidders.

Mayor Gates opened the Public Auction and after three calls for other qualified bidders and none were received, closed the Public Auction.

After no further discussion, Councilmember French made a MOTION to APPROVE the sale of Parcel IV-U-B-A at the Kingman Airport Authority & Industrial Park to Starrfoam Manufacturing, Inc. in the amount of \$234,000. Councilmember Carter SECONDED and it was UNANIMOUSLY APPROVED.

New Business: (for review, comment and/or action)

6. PUBLIC HEARINGS on Planning and Zoning Commission Recommendations

a) Resolution No 4206.

A request from Rhodes Homes to approve a major amendment to the Projected Land Use Map of the Kingman General Plan 2020, for the Golden Valley Ranch area, by adding approximately 16,800 acres of property to the Projected Land Use Map. The subject property extends approximately seven miles to the west and four miles to the south of the existing incorporated boundary of the City of Kingman.

City Manager Paul Beecher stated that staff concurs with the Planning and Zoning Commission's recommendation to approve Resolution No. 4206 with the conditions as outlined in the Resolution.

The Public Hearing was opened. Citizen comments included:

Donald Van Brunt, 2484 S Hwy 66, stated his concerns as to how people will get to this area and stated he didn't believe that all of Walnut Creek and south of Walnut Creek had to be included in this amendment.

Ed Grimes, Golden Valley, stated that he didn't feel this should be done without consulting the residents of Golden Valley first.

Councilmember Carter stated that the air quality could negatively impact Golden Valley as well as the water supply. Mayor Gates stated that the City should only look at development that is within the City's sphere of influence or control.

The Public Hearing was closed and after no further discussion, Councilmember Baker made a MOTION to APPROVE Resolution No. 4206. Vice Mayor Spear SECONDED and it was UNANIMOUSLY APPROVED.

(Resolution No. 4206)

b) Resolution No 4207.

A request from Rhodes Homes to approve a major amendment to the Kingman General Plan 2020 by adding approximately 14,600 acres of property to the Projected Land Use Map. The subject property extends approximately nine miles east of the Kingman Airport north and east of the existing incorporated boundary of the City of Kingman.

City Manager Paul Beecher stated that staff recommends approval of Resolution No. 4207.

The Public Hearing was opened and after no discussion, closed.

Vice Mayor Spear made a MOTION to APPROVE Resolution No. 4207. Councilmember Baker SECONDED and it was UNANIMOUSLY APPROVED.

(Resolution No. 4207)

c) Resolution No 4208.

A request from Mohave Engineering Associates, applicant and El Quiescence, LLC, property owner, for a minor amendment to the Kingman General Plan 2020 to modify approximately 10.2 acres of Medium Density Residential 3-8 du/ac and 4.9 acres of Intermediate Density Residential 4-16 du/ac to 15.1 acres of Community Commercial land uses. The subject property is located north of I-40, south of Vista Bella and east of Prospector Street, further described as portions of Kingman Ranch, Unit 2, Parcels 9 & 10, Section 10, T21N, R16W, of the G&SRM, Mohave County, Arizona.

Councilmember Carter stated that he would be abstaining from any discussion or voting on Resolution No. 4208.

City Manager Paul Beecher stated that staff recommends APPROVAL of the following portion of Resolution No. 4208: APPROVE the 10.2 acres of Medium Density Residential 3-8 du/ac.

Mr. Beecher then stated that staff recommends DENIAL of the following portion of Resolution No. 4208: DENY the 4.9 acres of Intermediate Density Residential 4-16 du/ac.

The Public Hearing was opened. Citizen comments included:

Pete Proffit, Mohave Engineering Associates, stated that he was available for any questions one may have.

The Public Hearing was closed and after no further discussion, Councilmember French made a MOTION to APPROVE Resolution No. 4208 as proposed by Mr. Beecher. Vice Mayor Spear SECONDED and it was approved by a vote of 6-0 with Councilmember Carter abstaining.

(Resolution No. 4208)

d) **Resolution No 4209.**

A request from Landmark Engineering, Inc, applicant, and Axel Development, Inc, Campana Family, LLC, Z Bella Investments, LLC, property owners, for a minor amendment to the Kingman General Plan 2020 by changing the projected land use by increasing land use areas for Medium Density Residential (3-8 du/ac), Neighborhood and Community Commercial, Light Industrial and Public/Quasi-Public, and decreasing land use areas for Intermediate Density Residential (9-16 du/ac) and a golf course area currently designated as Parks and Open Space. The subject property is located north of I-40, east of Andy Devine and both north and south of Airway Avenue and is further described as being located north and east of the existing Valle del Sol (Vista Bella), The Villas and Castle Rock Village subdivisions.

City Manager Paul Beecher stated that this was heard at the Planning and Zoning Commission level and the Planning and Zoning Commissioners had a 3-3 vote which resulted in no action being taken at the Planning and Zoning Commission level. Mr. Beecher then stated that staff recommends approval with the conditions noted as follows: Approval of Resolution No. 4209 with Condition A stating "Before any property is issued building permits," instead of stating "rezoned," "for commercial purposes within the subject site, there shall be an overall plan developed for the expansion of the necessary water and sewer infrastructure to serve development in the area."

Also, Condition B should be restated as: "Before commercial parcels 32, 39 and 40 are approved for development, that the estimated traffic levels on Airway Avenue must exceed 10,000 trips per day, as quantified by an agreed upon qualified third party."

Mayor Gates asked if the City is looking at substantial changes and another public hearing. Mr. Beecher stated that there are no substantial changes and there could be some delay in the timing of the community development.

Councilmember Lyons stated that he felt the General Plan 2020 has been changed too many times and Councilmember Carter agreed.

The Public Hearing was opened. Citizen comments included:

Leonard Deutsch, 4078 Rimmel Road, stated that he attended the meetings the developer had with the residents and felt that there was misrepresentation from the meeting with the developer than what's being presented to Council. Mr. Deutsch stated that he wasn't comfortable with a cemetery being planned for this area.

Charles Sperrazza, 4087 Roma Road, stated that he spoke with most homeowners in this area and agrees that the presentation was flawed and misleading and he feels this is a major amendment instead of a minor amendment.

Yvonne Walker, 3241 N. Central, voiced her concerns over the lack of schools planned for this area. Ms. Walker also stated that she feels a church should be added to the plan, too.

Mike Bihuniak, 4116 E. Airway, voiced his displeasure with this item, also.

Doug Swallow, Celebrate Homes, thanked staff and the residents. Mr. Swallow stated that this meets or exceeds the criteria. Mr. Swallow stated that each time there was a revision, it was due to residents' comments. Mr. Swallow further stated that the recreational vehicle area was put on the proposed map for discussion purposes; parks and open space must be designated. The parks will be in each neighborhood and will be linked by a trail system that will link approximately 30 subdivisions together. The concept is a 'whole life community'.

Councilmember Baker asked if the number of dwelling units that will be for consideration at the rezoning hearing before the Planning and Zoning Commission will change. Tom Duranceau, Planning and Zoning Administrator, stated that no, that number will not change.

Ms. Sperrazza, 4087 Roma Road, stated that she felt this takes away open space in her neighborhood.

Mr. Duranceau stated that the number of C-2 sites indicated, the Recreational Vehicle Park and cemetery, are conceptual ideas.

Another representative for Celebrate Homes indicated that the maximum number of dwelling units applied for will be 3,600.

Ed Packard, Landmark Engineering, Inc, stated that he concurred with the staff recommendation of restating Condition A of Resolution No. 4209.

The Public Hearing was closed and after no further discussion, Councilmember Baker made a MOTION to APPROVE Resolution No. 4209 with the restating of the aforementioned Conditions A and B. Vice Mayor Spear SECONDED, Councilmember Lyons voted NAY and Resolution No. 4209 was approved by a vote of 6-1.

(Resolution No. 4209)

e) Ordinance No. 1504

Nicholas E. Main, applicant and Barbara Linn, property owner, have requested the rezoning of certain property described as a portion of the SE ¼, Government Lot 2, Section 7, T21N, R16W of the G&SRM, Mohave County, Arizona, from O: Recreational Open Space to C-3: Commercial, Service Business. The proposed rezoning would facilitate the development of a construction and landscape office. The property is approximately 1.88 acres in size and is located along the west side of Harrison Street between the Kingman Academy of Learning to the south and the UniSource Energy Equipment yard to the north.

City Manager Paul Beecher stated that staff recommends approval of Ordinance No. 1504.

The Public Hearing was opened and after no discussion, closed.

Councilmember Carter made a MOTION to APPROVE Ordinance No. 1504. Councilmember French SECONDED and it was UNANIMOUSLY APPROVED.

(Ordinance No. 1504)

f) Ordinance No. 1505

A request for Council to approve a text amendment to the Zoning Ordinance adding a new overlay district and Section (15.000), Bank Street Design Review Overlay District

Councilmember Baker stated that he would be abstaining from any discussion or voting on Ordinance No. 1505.

City Manager Paul Beecher stated that Planning and Zoning has studied this for months and staff concurs with the recommendation of approval.

The Public Hearing was opened and after no discussion, closed.

Councilmember Lyons made a MOTION to APPROVE Ordinance No. 1505. Councilmember Carter SECONDED and Ordinance No. 1505 was APPROVED by a vote of 6-0 with Councilmember Baker abstaining.

(Ordinance No. 1505)

7. Ordinance No. 1503

Review and direction from Council regarding proposed change of City elections from a Spring Primary and General, to a Fall Primary and General Election

City Clerk Toni Weddle stated that adoption of Ordinance No. 1503 would reduce the City's cost of an election by approximately two-thirds by changing the election cycle to a fall election. Ms. Weddle also stated that the cost of the Primary and General Elections in 2004 was \$41,936.27.

Mayor Gates stated that she doesn't feel comfortable with Council extending their own terms as this would extend their terms by six months.

Councilmember French stated that he doesn't want specific City issues lost in the ballot along with other state and/or federal issues.

Councilmember Baker stated that voter response is important and asked if the Ordinance could be amended. Mr. Beecher stated that it could be amended to indicate the change for the year 2010 so that there would be no conflicts of current Councilmembers extending their terms.

After no further discussion, Councilmember Carter made a MOTION to APPROVE Ordinance No. 1503 with the condition of the year 2010 being the start of the new election cycle. Vice Mayor Spear SECONDED, Councilmember French voted NAY and Ordinance No. 1503 was APPROVED by a vote of 6-1.

Mayor Gates stated that she had Judy Johnson signed up to speak on this item and apologized for the oversight as this was a Public Hearing. Ms. Johnson stated that she was in opposition of the Council extending their terms and was happy with the decision that was made.

(Ordinance No. 1503)

8. Revenue and Fee Study Final Report

a. Presentation of the October 2005 Revenue and Fee Study Final Report

City Manager Paul Beecher stated that the City of Kingman engaged the services of Red Oak Consulting to work with a Citizen Panel, City Council and City Staff to review a variety of revenue and fee options and develop a long-term financial plan for the City. A recommendation was needed to fund the City's Capital Improvements Plan. The Building Inspection Fees increased in May 2005 which will help in establishing and implementing growth paying for growth. The Revenue and Fee Study included an evaluation of new and existing revenue sources and paired the sources with the City's long-term capital improvements plan as well as ongoing operating and maintenance expenses. The study included an evaluation of business license fees, transportation and storm drainage user fees, sales taxes and property taxes. The final report includes recommendations to adjust business license fees, engineering fees and planning and zoning fees to a level which would allow the City to recover costs associated with services provided by these departments; implement investment fees to fund growth related capital improvements; increase the City sales tax rate by one-half of one percent to fund the non-growth portions of capital improvements and to fund portions of operating expenses which have continued to increase in direct relationship to inflation, population, new municipal services and the expanding service boundary area.

b. Ordinance No. 1506 – Adjusting Business License Fee Changes, Planning & Zoning Fee Changes, Engineering Fee Changes

City Manager Paul Beecher stated that staff recommends approval of Ordinance No. 1506.

The Public Hearing was opened and after no discussion, closed.

Vice Mayor Spear made a MOTION to APPROVE Ordinance No. 1506. Councilmember Carter SECONDED and it was UNANIMOUSLY APPROVED.

(Ordinance No. 1506)

c. Notice of Intent to Establish Impact Fees for Parks, Police, Fire, Streets, Storm Drainage and General Government

City Manager Paul Beecher stated adopting the Notice of Intent to Establish Impact Fees for Parks, Police, Fire, Streets, Storm Drainage and General Government would set a Public Hearing date for February 6, 2006.

The Public Hearing was opened and after no discussion, closed.

Councilmember Carter made a MOTION to APPROVE the Notice of Intent to Establish Impact Fees for Parks, Police, Fire, Streets, Storm Drainage and General Government. Councilmember Moon SECONDED and it was UNANIMOUSLY APPROVED.

- d. Ordinance No. 1501 - to Increase City Sales Tax by .5% (from 2% to 2.5%)

City Manager Paul Beecher stated that staff recommends approval of Ordinance No. 1501 with an effective date of February 1, 2006.

Councilmember Lyons voiced his displeasure stating that the tax will have the most effect on the poor and that the City should do more to get the word out to the community that taxes could be increasing.

Councilmember Carter stated that there was no tangible discussion about a sales tax increase until the last presentation by Red Oak Consulting. Councilmember Carter further stated that he feels that an increase in sales tax could hinder stores such as Target, etc, from coming into the City Limits of Kingman.

Vice Mayor Spear stated that this is something the City needs to do.

Councilmember French agreed but stated that he was taken off guard when he read this on the agenda. Councilmember French also stated that he does not feel that this was publicized enough.

Councilmember Moon agreed with Councilmember French and stated that the City's does need to do something.

Mayor Gates asked if this item could be put on the agenda for a Special Meeting before the Work Session of November 21, 2005. City Manager Paul Beecher stated yes.

The Public Hearing was opened. Citizen comments included:

Beverly Lyles, President and CEO of the Kingman Area Chamber of Commerce, stated that she was surprised that to hear about this item. Vice Mayor Spear asked Ms. Lyles if she would help get the word out to businesses and she said she would.

Rick Roberts, Anderson Toyota, believes that a sales tax increase would cause buyers to go to other cities to buy their vehicles.

Martin Swanty, Martin Swanty Dodge, Chrysler, Jeep, stated that he believes the City of Kingman has failed in getting the word out and should hold a Public Hearing.

Mr. Beecher stated that this would provide a significant increase to the General Fund to allow the City to go into debt for other necessary projects, such as streets and storm drainage, and would help offset increased operating costs.

Joe Hart, owner of KGMN Radio and Channel 36, stated that he would offer his media services to help get the word out to the citizens.

Richard Johnson, Colorado River Ford, stated his opposition to Ordinance 1501.

Sue Ellen Stewart, 1819 Club Avenue, stated her concerns related to infrastructure in Kingman. Ms. Stewart suggested to Council to possibly look into an off-track betting parlor.

Pastor Kelly Fallis, Cornerstone Mission, stated his opposition to Ordinance No. 1501.

Mayor Gates stated that Ordinance No. 1501 warrants additional discussion and more public input. Mayor Gates also stated that when Council hired City Manager Paul Beecher, it was a consensus of the Council to have Mr. Beecher take care of Kingman and the City must provide him the resources to do so.

The Public Hearing was closed and after no further discussion, Vice Mayor Spear made a MOTION to TABLE Ordinance No. 1501 until the December 5, 2005 Council Meeting.

(Ordinance No. 1501)

9. ANNOUNCEMENTS BY MAYOR & COUNCILMEMBERS

Councilmember Baker stated that he would like to discuss the Council Retreat due to a location change. At the Regular Meeting of the Common Council held on September 6, 2005, all Councilmembers agreed to holding a retreat on November 12 & 13, 2005. The retreat was scheduled to be held in Prescott and that location has now changed. The retreat is now scheduled to be held at Kingman Regional Medical Center on November 18, 2005 for one day. Councilmember Baker requested action for a consensus of the Council.

Vice Mayor Spear stated the he was very disappointed in the retreat not being held in Prescott as he feels it's beneficial to be in a different setting.

Councilmember Carter made a MOTION to have a one day retreat at the Kingman Regional Medical Hospital on November 18, 2005. Vice Mayor Spear SECONDED and it was UNANIMOUSLY APPROVED.

10. EXECUTIVE SESSION (per A.R.S. ' 38-431.03 A.3)

BThere was no need for an executive session

ADJOURNMENT 7:19 PM

ATTEST:

APPROVED:

Toni Weddle, City Clerk

Monica Gates, Mayor

STATE OF ARIZONA)
COUNTY OF MOHAVE)ss:
CITY OF KINGMAN)

CERTIFICATE OF COUNCIL MINUTES

I, Angela Gray, Recording Secretary of the City of Kingman, Arizona, hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Regular Meeting of the Common Council of the City of Kingman held on Monday, November 7, 2005.

Dated this 9th day of November, 2005

Angela Gray, Deputy City Clerk

Appendix C

ADEQ Meeting Notes – Permit Discussion

James, Wendee, with
commitment for 1000 other
males. Meet 7:30am Tuesday at Phelps
has been office.

Leo Jones - Deedack, Higgins
228-6277
800 N. Ranton St 222

Phoenix 7/6/05

Mike Sullivan, Bruce DiFrancesco
Don Mathias

- 208 Amendment; 10 long
plants need to be included.
Need to ask ADEQ.
- Short term is long term plan.
- Will need APO for other plants.
- Regional plant required to
approve other properties to
when will permanent plant
will go on line. ?
- 800 units x 240 = 250 ~~plants~~
- 200 - 300 plants
- * Steve Owens, director of ADEQ
- Submit APO w/ 30% design
report, notice of intent to design
can be received before 100%

- Phoenix office to do
208 commitment and
APO permit.
- How much of the wetland design
needs to be included in
208
- need help for:
- soil, plant space
- hydraulic
- 30% design on the ultimate
- Submit APO w/ design report

ADEQ 7/6/05

- ADEQ's discharge permit to
discharge to water
6-9 months. Facilities, discharge
permit, design, design discharge.
Application on 180 days prior to
operation start.
- Can construct while permit is
being processed.
- LTR (necessary since frames)
clock
- 30 day public notice
- may have second. Public
notice. Permit design can be
appealed by public.
- Applications by web page
application - web page. A2 Discharge

- form 2A & 2S (For Sells)
- Application review
- For 5 mgd review packet
- 5 yr time table for renewal
- APP - Admin phase 35 weeks Substantive phase 180 w. days Admin phase review for completeness
- out of band phase comments addressed.
- Times dependent upon consultant response times.
- Public notice after review/ 30 day comment
- if affect affect comments could be public hearing
- held meetings mts
- meeting treatment
- discharge & hydrology
- site plan
- process diagrams
- Recommend by all on APP before we construct
- Police permits
- consequences to change a permit application
- applications are on first come first serve. priorities as long as the clock ticks

- APP also carry w/ ATC
- collector speakers ATC &
- Deen Jemel 11 weeks ago
- business change: 4000 work
- John Callahan " "
- final plot include water & sewer
- sewer issues 40 capacity include
- Power - A+ quality include
- we APP processes. No notification
- Apply offer APP agreement
- type 2 general permit (\$2200)
- permit for each case
- 7 days to process.
- type 13 agent permit 6000
- multiple cases (\$1500) 7 days
- speed for 5 years
- provide allowed feed for
- possibly we don't have to
- do constant monitoring
- land transfer - 40 certification
- what work with the corp
- \$10000 & NOI turn around
- in 2 days
- designed land usage water
- may hold up because of
- 30 days listed on with note
- who it was like NOI, file
- multiple NOI break onto
- multiple phases
- can't remember part of NOI

- NO1 identified when ecology - this is established on some other concerns control.
- 2008 summer conference
- check list to CAC which is pretty good
- process decision provide by following
- 2008 conference before CAC
- 2008 summer conference to meet
- County wants regional approach to treatment plants
- steel plants treated as businesses
- * add survey to schedule

Madison County 7/7/05

- Check on new fire access
- 100000000, Stollen Miller Fire Dept.
- Bill believes 20' min as per depts on state parking?
- Dept of provision - not interfere w/ biological about
- issues regarding w/ traffic circles
- Madison County personal don't like
- 100000000 of Parkway
- Right of way very narrow
- Pat Stollen in charge of all

- Ex. review for Madison County
- location of treatment plants and service area.
- 3000' of work under treatment plants, County cannot allow allowed over 200'
- order and price control for steel plants
- Bill says steel plants for 3 years. 300 units by steel plant.
- Stollen Miller Ranch
- Out around review some under contract. Not certain time frame

764316 1400

Apr. 60 17942
Apr 80 18100

Phocles 7/12/05

- Best tank location by City
- 60 and 80 are to Montgomery for provision
- 100000000 plan for future well
- set up fence like for future wells that may replace
- Panel wells

Appendix D

Financial Information

Sagebrush Enterprises, Inc. and Subsidiaries

*Consolidated Financial Statements for the
Years Ended December 31, 2004 and 2003
and Independent Auditors' Report*

SAGEBRUSH ENTERPRISES, INC. AND SUBSIDIARIES

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Deloitte & Touche LLP
Suite 490N
3773 Howard Hughes Parkway
Las Vegas, NV 89109-0950
USA

Tel: +1 702 893 3100
Fax: +1 702 369 1736
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

Stockholder
Sagebrush Enterprises, Inc. and Subsidiaries
Las Vegas, Nevada

We have audited the accompanying consolidated balance sheets of Sagebrush Enterprises, Inc. and Subsidiaries ("SEI") as of December 31, 2004 and 2003 and the related consolidated statements of income, stockholder's equity and cash flows for the years then ended. These financial statements are the responsibility of SEI's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of SEI as of December 31, 2004 and 2003 and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

April 15, 2005

SAGEBRUSH ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2004 AND 2003

ASSETS	2004	2003
Inventories		
Land held for investment	\$ 169,258,664	\$ 73,854,649
Property, plant and equipment—net	141,053,876	86,246,731
Deposits and other assets—net	27,086,462	18,690,650
Cash	12,373,629	5,177,001
Cash—restricted	18,085,935	14,962,641
Accounts receivable—net	2,720,954	2,715,736
Due from related parties	268,479	579,540
Pro-shop inventories	1,027,943	782,986
Equity investments	139,726	88,508
	<u>1,835,985</u>	<u>8,611</u>
TOTAL	<u>\$ 373,851,653</u>	<u>\$ 203,107,053</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
LIABILITIES:		
Notes payable	\$ 214,667,215	\$ 85,770,884
Accounts payable and accrued liabilities	17,081,269	8,799,763
Due to related parties	707,891	1,119,611
Notes payable to related parties	3,191,681	3,191,681
Capital lease obligations	676,276	1,005,714
Customer deposits	<u>299,919</u>	<u>163,000</u>
Total liabilities	236,624,251	100,050,653
MINORITY INTEREST	3,696,080	4,937,618
STOCKHOLDER'S EQUITY	<u>133,531,322</u>	<u>98,118,782</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 373,851,653</u>	<u>\$ 203,107,053</u>

See notes to consolidated financial statements.

SAGEBRUSH ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
REVENUES:		
Sales of inventory	\$ 143,413,376	\$ 132,281,101
Sales of land	3,000,000	53,283,800
Contract sales	6,824,377	6,382,651
Investments and management fees	1,627,377	2,567,703
Green fees and other golf revenues	5,239,691	4,822,014
Total revenues	160,104,821	199,337,269
COSTS AND EXPENSES:		
Cost of inventory	68,074,162	89,344,337
Cost of land sold	332,226	9,255,670
Cost of contract sales	7,560,869	6,764,171
Selling	6,818,824	5,321,526
Golf course costs and expenses	4,278,084	3,567,482
Preopening expense	1,457,053	-
Depreciation and amortization	2,375,039	1,216,223
General and administrative	9,139,496	11,395,252
Total costs and expenses	100,035,753	126,864,661
OPERATING INCOME	60,069,068	72,472,608
OTHER (EXPENSE) INCOME:		
Loss on construction defect settlement	(16,585)	(610,205)
Interest income	207,941	337,134
Interest expense—net of capitalized interest	(5,657,231)	(7,759,417)
Other—net	55,688	156,155
Total other expense	(5,410,187)	(7,876,333)
INCOME BEFORE MINORITY INTEREST	54,658,881	64,596,275
MINORITY INTEREST	1,288,469	2,188,147
NET INCOME	\$ 53,370,412	\$ 62,408,128

See notes to consolidated financial statements.

SAGEBRUSH ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY YEARS ENDED DECEMBER 31, 2004 AND 2003

BALANCE—January 1, 2003	\$ 30,331,020
Contributions	21,716,470
Distributions	(16,336,836)
Net income	<u>62,408,128</u>
BALANCE—December 31, 2003	<u>98,118,782</u>
Contributions	2,016,665
Distributions	(19,974,537)
Net income	<u>53,370,412</u>
BALANCE—December 31, 2004	<u>\$133,531,322</u>

See notes to consolidated financial statements.

SAGEBRUSH ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 53,370,412	\$ 62,408,128
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,375,039	1,216,223
Bad debt expense		125,425
Loss (Gain) on disposal of property	22,949	(5,950)
Loss on construction defect settlement		610,205
Minority interest	1,288,469	2,188,147
Equity investment income	(1,627,377)	
Changes in operating assets and liabilities:		
Due from related parties	(244,957)	(98,601)
Accounts receivable, net	311,061	(307,214)
Inventories	(104,359,194)	19,200,811
Pro-shop inventories	(51,218)	(2,312)
Land held for investment	(36,750,170)	(2,272,121)
Deposits and other assets	(7,228,123)	(1,541,978)
Accounts payable and accrued liabilities	8,281,506	(4,365,313)
Due to related parties	(411,720)	(183,982)
Customer deposits	136,919	(352,136)
Net cash (used in) provided by operating activities	(84,886,404)	76,619,332
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(9,771,405)	(2,346,269)
Proceeds from disposal of property and equipment	11,700	637,631
Change in restricted cash	(5,218)	632,104
Capitalization of equity method investment	(200,000)	
Net cash used in investing activities	(9,964,923)	(1,076,534)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	209,429,822	138,292,854
Repayments of notes payable	(100,783,132)	(210,443,158)
Payments on related-party notes payable		(204,450)
Payments on capital lease obligations	(329,438)	(202,706)
Contributions received from owners	1,251,218	20,124,287
Distributions paid to owners	(11,593,849)	(16,279,712)
Net cash provided by (used in) financing activities	97,974,621	(68,712,885)
NET INCREASE IN CASH	3,123,294	6,829,913
CASH—Beginning of year	14,962,641	8,132,728
CASH—End of year	\$ 18,085,935	\$ 14,962,641

(Continued)

**SAGEBRUSH ENTERPRISES, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

	2004	2003
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION—Cash paid during the year for interest, net of capitalized interest	\$ 4,000,497	\$ 7,886,668
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Contribution of notes receivable from minority partner		555,713
Asset additions through capital leases or debt	2,192,666	1,064,920
Payoff of capital lease for disposal of golf carts		55,018
Transfer of land deposits to land held for investment		8,188,910
Transfer of land held for investment to real estate inventories		9,710,608
Purchase of land (real estate inventories) from sole stockholder through assumption of debt	-	7,000,000
Debt obtained to purchase land	18,056,975	46,180,800
Debt assumed from Bravo to purchase land (Hacienda)		680,000
Assumption of loans in land purchased by RRG		5,573,500
Distribution of Madrid Properties		70,238
Settlement of related party payable through contributions		1,535,059
Noncash distributions	10,145,248	
Contribution of stockholder's interest in consolidated entity	765,447	

See notes to consolidated financial statements.

(Concluded)

SAGEBRUSH ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2004 AND 2003

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business—Sagebrush Enterprises, Inc. ("Sagebrush" or the "Company") was incorporated in the State of Nevada for the purpose of organizing various limited and general partnerships, limited liability corporations, and joint ventures to acquire, develop, improve, and construct residential homes (custom and tract), operate a golf course in one of the developments, and sell real property. Presently all of its property is in Las Vegas, Nevada and surrounding areas.

As of December 28, 2000, James M. Rhodes contributed 100% of his interest in various Sub "S" Corporation to Sagebrush at their book values.

The accompanying consolidated financial statements present the operations of Sagebrush and its wholly and majority owned subsidiaries which are hereinafter collectively referred to as the Company as well as variable interest entities for which Sagebrush or its subsidiaries are deemed to be the primary beneficiary in accordance with the Financial Accounting Standards Board Interpretation ("FASB") No. 46, *Consolidation of Variable Interest Entities*. The equity method of accounting is used for investments in other companies in which the company has significant influence; generally this represents common stock ownership or partnership equity of at least 20% and not more than 50%.

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. A summary of the Company's significant accounting policies follows.

Principles of Consolidation—The accompanying consolidated financial statements include the following entities:

- Rhodes Ranch General Partnership ("RRGP")
- Rhodes Design & Development Corporation ("RDD")
- Wallboard, LP ("Wallboard")
- Tock, LP ("Tock")
- Tick, LP ("Tick")
- Chalkline, LP ("Chalkline")
- Tapemeasure, LP ("Tapemeasure")
- Overflow, LP ("Overflow")
- Jackknife, LP ("Jackknife")
- Glynda, LP ("Glynda")
- Batcave, LP ("Batcave")
- Joshua Choya, LLC ("Joshua Choya")
- American Land Management, LLC ("ALM")
- Federal Land Management, LLC ("FLM")
- South Dakota Land Conservancy, LLC ("SDC")
- Sedora Holdings, LLC ("Sedora")
- Michael J. Rhodes Investment Trust ("MJR Trust")

Ryan Rocky Rhodes Investment Trust ("RRR Trust")
 Mustang Properties, Inc. (Dissolved as of March 14, 2003)
 Coronado Properties, Inc. (Dissolved as of March 14, 2003)
 Bravo, Inc. (dba Rhodes Framing) ("Bravo")
 C & J Holdings, Inc. (dba Neighborhood Association Group) ("C&J")
 Desert Communities, Inc. ("DCI")
 Elkhorn Partners Limited Partnership ("EPLP")
 Elkhorn Investment, Inc. (General Partner of EPLP) ("EII")
 Rhodes Ranch Golf Country Club ("RRGCC")
 Gypsum Resources, LLC ("Gypsum")
 Palm Gardens Limited Partnership ("PGLP")
 Palm Gardens Corporation (General Partnership of PGLP) ("PGC")
 Rhodes Realty, Inc. ("RRI")
 Sagebrush Enterprises, Inc. ("SEI")
 Rhodes Ranch, LLC ("RRLC")
 Rhodes Homes Arizona, LLC ("RHA")
 Gung-Ho Concrete, LLC ("GHC")
 Arapahoe Cleaning, LLC ("ACL")
 Geronimo Plumbing, LLC ("GPL")
 Tuscany Golf Country Club, LLC ("TGC")

All material intercompany balances and transactions have been eliminated in consolidation.

Minority Interest—Minority interest consists of the unrelated limited partners who have an indirect interest through RRLC in the following limited partnerships: Wallboard, Tock, Tick, Chalkline, Tapemeasure, Overflow, Jackknife, Glynda, Batcave and Gypsum. Also included is the limited partner who has an equity interest in Gypsum and the beneficiaries' interest in the MJR Trust and RRR Trust, all of which have been consolidated in these financial statements.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include, but are not limited to, the allocation of land development costs to cost of sales, the estimated useful lives of property and equipment, the estimated cost of warranties provided to customers, the estimated cash flows used in determining whether long-lived assets are impaired, and the estimated outcome of ongoing litigation. Actual results could differ from those estimates.

Balance Sheet Presentation—The operations of the Company involve a variety of real estate transactions, and it is not possible to precisely measure the operating cycles of the Company. The consolidated balance sheets of the Company have been prepared on an unclassified basis in accordance with real estate industry practice.

Restricted Cash—Restricted cash at December 31, 2004 and 2003 consisted of \$2,720,954 and \$2,715,736, respectively. Restricted cash includes certain amounts held in escrow pending completion of improvements to be made on land sold and will be released upon completion of such improvements. In addition, certain amounts were held in escrow for payment of property taxes in connection with notes payable requirements.

Reclassification—Notes payable at December 31, 2003 totaling \$266,000 and \$3,191,681 have been reclassified to due to affiliates and notes payable to related parties, respectively. Land held for investment at December 31, 2003 totaling \$1,306,031 has been reclassified to property, plant and equipment. These reclassifications had no effect on net income as previously reported.

Revenue Recognition—Revenue from property sales is recognized in accordance with Statement of Financial Accounting Standards ("SFAS") No. 66, *Accounting for Sales of Real Estate*. Accordingly, sales of undeveloped land and home sales are recognized when a closing occurs, which is when payment has been received and title, possession and other attributes of ownership have been transferred to the buyer and the Company is not obligated to perform significant activities after the sale. The cost of land sold is charged to operations on the basis of the allocated parcel cost. Amounts received from buyers in advance of closing are recorded as customer deposits until the time of closing.

Golf operations revenues include golf course services revenues, food and beverage sales, and golf shop sales. Golf course services revenues include revenues generated from greens fees, discount card program sales, driving range fees, golf instruction and golf club rental.

Golf course services revenues, food and beverage sales and golf shop sales are recognized when earned. Discount card revenues collected in advance are deferred as unearned income and are included in accrued liabilities and recognized over the remaining term of the card.

Inventories—Inventories are stated at the lower of cost or net realizable value. Inventory costs include preacquisition costs, property taxes, interest and insurance incurred during development and construction, and direct and certain indirect project costs. General and administrative costs are charged to expense as incurred. Model home construction, model home merchandising and semi-permanent signs are capitalized. The Company allocates land, land improvements, acquisition and carrying costs in a manner materially consistent with the relative value method. Construction costs are generally allocated to lots using the specific identification method.

Property, Plant and Equipment—Property, plant and equipment, including golf course improvements, are recorded at the lower of cost or estimated market value. Costs relating to the development of golf courses, including legal fees, property taxes, construction costs, interest and other direct costs associated with the development of the golf course, are capitalized as part of the cost of the course. Depreciable golf course improvements are primarily comprised of irrigation systems, cart paths and other land improvements.

Depreciation and amortization on property, plant and equipment begins when assets are placed into service and are charged to operations using the straight-line and double-declining balance methods over the following estimated useful lives:

	Years
Buildings and improvements	39
Land and golf course improvements	5–40
Vehicles	5
Golf course equipment	5
Furniture and fixtures	3–5

Accounts Receivable—Accounts receivable primarily result from the revenues generated through daily golf fees, pro shop merchandise sales, and food and beverage sales. The Company performs ongoing credit evaluations of its group customers and generally does not require collateral. The Company reviews accounts receivable balances and determines whether an allowance for potential credit losses is

necessary. Management believes that an allowance of \$122,326 and \$123,075 was adequate at December 31, 2004 and 2003, respectively.

Pro-Shop Inventories—Pro-shop inventories are stated at the lower of cost or market using the first-in, first out (FIFO) cost method.

Deposits and Other Assets—Included in deposits and other assets are refinancing costs presented net of accumulated amortization. Refinancing costs are being amortized by the straight-line method which approximates the effective interest method over the term of the loan. Amortization of these amounts is included in interest expense.

Also included in deposits and other assets are land option deposits, which will be applied toward the purchase price of land at the time of acquisition or will be expensed if not exercised per the terms of the agreements.

Capitalized Interest—The Company capitalizes interest costs incurred in connection with the development of land and construction of homes. The Company capitalized \$6,498,086 and \$5,193,284 of interest costs during the years ended December 31, 2004 and 2003, respectively.

Fair Value of Financial Instruments—The carrying amounts of financial instruments, including cash, deposits, accounts payable and accrued liabilities, approximate fair value because of their short maturity.

The fair value of notes payable is estimated based on market interest rates at December 31, 2004 and 2003, with similar terms and collateral requirements. The fair value of notes payable at December 31, 2004 and 2003 approximated carrying value at those dates.

It is not possible to determine the fair value of non-interest bearing related party notes payable.

Income Taxes—The Company, with the consent of its stockholder, has elected to be taxed under the section of the federal income tax law that provides that, in lieu of corporate income tax, the stockholder separately accounts for the company's items of income, deductions, losses and credits. Therefore, these statements do not include any provision for corporation income taxes. Also, no provision has been made for any amounts that may be advanced or paid as dividends to the stockholder to assist in paying personal income taxes on the income of the Company.

Customer Deposits—Customer deposits are recorded when received and either applied to the sales price when the home closes or applied to income if the customer cancels his or her purchase, which results in a forfeiture of the deposit to the Company.

Impairment of Long-Lived Assets—Included in inventories are completed homes and land and homes under development expected to be completed and sold within the next year. These inventories are accounted for at the lower of cost or fair value less estimated cost to sell. The Company follows the provisions of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 144 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

The Company believes that no adjustment for impairment is necessary at December 31, 2004 and 2003.

Recent Accounting Pronouncements—In January 2003, the FASB issued Interpretation No. 46, *Consolidation of Variable Interest Entities*, and subsequently revised the Interpretation in December 2003 (FIN 46R). This interpretation of Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, addresses consolidation by business enterprises of variable interest entities, which have certain characteristics. FIN 46R became effective for financial statements ending after March 31, 2004. The Company adopted FIN 46R as of March 31, 2004, and as a result of its adoption, Wallboard, Tock, Tick, Chalkline, Tapemeasure, Overflow, Jackknife, Glynda, Batcave, Gypsum, Joshua Choya, ALM, FLM, SDC, Sedora, MJR Trust and RRR Trust have been consolidated with Sagebrush for the year ended December 31, 2004.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs – an amendment of ARB No. 43, Chapter 4*. The amendment clarifies that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) should be recognized as current-period charges and requires the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The Company believes that the adoption of SFAS No. 151 will not have a material impact on its financial position, results of operations, or cash flows.

In December 2004, the FASB issued SFAS No. 123(R), *Share-Based Payment*, which establishes accounting standards for all transactions in which an entity exchanges its equity instruments for goods and services. SFAS No. 123(R) focuses primarily on accounting for transactions with employees, and carries forward without change prior guidance for share-based payments for transactions with non-employees. The provisions of SFAS No. 123(R) are effective for fiscal years beginning after June 15, 2005. The Company believes that the adoption of SFAS No. 123(R) will not have a material impact on its financial position, results of operations, or cash flows.

In December 2004, the FASB issued SFAS No. 153, *Exchanges of Nonmonetary Assets—an amendment of APB No. 29*. SFAS No. 153 amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. SFAS No. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The Company believes that the adoption of SFAS No. 153 will not have a material impact on its financial position, results of operations, or cash flows.

2. INVENTORIES

Inventories consist of the following as of December 31:

	2004	2003
Land held for development	\$ 43,919,925	\$ 22,556,546
Cost of development and construction ⁽¹⁾	<u>125,338,739</u>	<u>51,298,103</u>
Total	<u>\$ 169,258,664</u>	<u>\$ 73,854,649</u>

⁽¹⁾ Included in the prior year balance are completed homes purchased from the original buyers. These repurchases occurred due to a make-whole settlement related to construction defect allegations. The settlement required the Company to repair the damage caused on 16 homes as a

result of the defect allegations. The Company was able to repair five of these homes while they were still owner occupied. The remaining eleven were repurchased by the Company between 2000 and 2003 at a total cost of \$3,321,547. One of the repurchased homes was resold in 2003 and the remaining sold in 2004. The sales in 2003 indicated the value of the remaining repurchased but unsold homes was not fully recoverable, and as a result, during 2003 the Company recorded an impairment loss of \$470,981. The impairment loss was calculated by comparing the estimated, expected sales price of each home to all anticipated costs. In addition, the Company has expensed \$16,585 and \$139,224 in 2004 and 2003, respectively, in costs incurred to date and anticipated costs to repair the owner-occupied homes. These amounts have been recorded as loss on construction defect settlement in the statements of income for the years ended December 31, 2004 and 2003.

The Company and Lexington Insurance Company ("Lexington") are currently negotiating the denial of insurance coverage action by Lexington for costs incurred. Management believes the final resolution will include Lexington agreeing to reimburse all of the Company's costs, expenses, attorneys' fees, and interest expensed for the repurchase and repair of homes claimed to have construction defects.

As of December 31, 2004, no amounts have been capitalized or recorded as a receivable related to the Lexington matter due to the uncertainty of the outcome.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are summarized as follows at December 31:

	2004	2003
Golf course land	\$ 6,236,722	\$ 4,204,547
Golf course improvements	16,515,775	12,635,246
Golf course office equipment	2,012,924	914,384
Golf course clubhouse	3,077,022	2,956,295
Golf course maintenance building	653,223	650,590
Furniture and fixtures	2,255,901	1,367,078
Land	115,962	1,306,031
Deposits on model home furnishings	466,594	
Office equipment	1,083,085	970,784
Buildings and improvements	1,125,700	855,586
Construction equipment	810,096	1,154,001
Vehicles	2,194,131	774,041
Total	36,547,135	27,788,583
Less accumulated depreciation	(9,460,673)	(9,097,933)
Property, plant and equipment—net	<u>\$27,086,462</u>	<u>\$18,690,650</u>

Substantially all property, plant and equipment are pledged as collateral on debt.

4. DEPOSITS AND OTHER ASSETS

Deposits and other assets consist of the following as of December 31:

	2004	2003
Refundable deposits	\$ 2,415,340	\$ 4,233,159
Prepays and other assets	3,083,848	659,825
Refinancing costs—net of amortization of \$183,695 and \$156,483, respectively	6,805	34,017
Deposits on land held for future developments	<u>6,867,636</u>	<u>250,000</u>
Total deposits and other assets—net	<u>\$ 12,373,629</u>	<u>\$ 5,177,001</u>

5. NOTES PAYABLE

Notes payable consist of the following at December 31:

	2004	2003
Notes payable to lending institutions, payable in monthly installments of principal and interest at 0% to 10%, collateralized by deeds of trust, guaranteed by James M. Rhodes, maturing February 2007 to February 2010	\$ 1,433,235	\$ 20,280
Note payable to a lending institution, payable in monthly installments of interest only at prime (5.25% at December 31, 2004) plus 1% per annum, collateralized by construction receivables, guaranteed by James M. Rhodes, maturing May 2005	447,000	272,000
Notes payable to a financial institution, payable in monthly installments of interest only at the prime rate (5.25% at December 31, 2004) plus 1% per annum, maturing throughout 2005, collateralized by deeds of trust, guaranteed by James M. Rhodes (1)	74,783,982	37,543,498
Notes payable to a financial institution, payable in monthly installments of interest only at 11.5% per annum, payable on demand, maturing June 2005 through October 2005, collateralized by deeds of trust, guaranteed by James M. Rhodes	5,303,500	390,000
Note payable to a financial institution, payable in monthly principal and interest installments of \$106,929 (except for April and May, for which the payment is \$133,661 and August and September, for which the payment is \$80,196), at 9.22%, maturing April 2005, collateralized by a deed of trust and substantially all of RRGCC assets, as well as a personal guaranty by James M. Rhodes	9,910,161	10,263,355
Notes payable to individuals and trusts, payable in monthly installments of interest only at 9.25% to 12% per annum, maturing November 2005 through December 2005, collateralized by deeds of trust	* 3,137,500	3,137,500
Notes payable to a financial institution, payable in monthly installments of interest only at prime (5.25% at December 31, 2004) plus 1% per annum, maturing January 2005 through November 2006, collateralized by deeds of trust, guaranteed by Sagebrush Enterprises, Inc. and James M. Rhodes	18,072,189	5,704,792
Notes payable to a corporation, payable in monthly installments of interest only at 8% per annum, collateralized by deeds of trust, maturing October 2006	* 1,500,000	

* Note payable relates to a variable interest entity

Note payable to a lending institution, payable in monthly installments of interest and principal at 9.75% per annum, collateralized by a deed of trust, guaranteed by James M. Rhodes, maturing July 2005	*	\$ 25,000,000	\$
Note payable to a bank, payable in monthly installments of interest only at prime (5.25% at December 31, 2004) plus 0.5% per annum, maturing April 2005, collateralized by deeds of trust, guaranteed by James M. Rhodes	*	4,100,000	4,100,000
Note payable to an individual, payable in monthly installments of \$26,538, including interest of 9%, maturing December 2009, collateralized by deeds of trust	*	1,261,475	
Note payable to a lending institution, payable in monthly installments of interest and principal at 7% per annum, collateralized by deeds of trust, maturing October 2008		57,788	
Note payable to a lending institution, payable in monthly installments of interest only at 8%, maturing August 2009 through August 2014, collateralized by deeds of trust	*	15,630,000	
Note payable to a bank, payable in monthly installments of interest only at the prime rate (5.25% at December 31, 2004) plus 1.5% per annum, never dropping below 6%, collateralized by deeds of trust, guaranteed by James M. Rhodes, paid off during 2004			3,007,528
Note payable to a bank, payable in monthly installments of interest only at prime rate (5.25% at December 31, 2004) plus 1% per annum, maturing July 2005, collateralized by deeds of trust, guaranteed by James M. Rhodes	*	4,970,580	4,711,171
Note payable to a bank, payable in monthly installments of principal and interest of \$4,969 at 7% per annum, maturing September 2013, collateralized by deeds of trust, guaranteed by James M. Rhodes	*	681,982	692,663
Note payable to a bank, payable in monthly installments of interest only at prime (5.25% at December 31, 2004) plus 1.25% per annum, maturing March 2005, collateralized by deeds of trust	*	1,793,000	1,793,000
Note payable to an individual, payable in annual installments of \$250,000 and interest of 10% per annum, collateralized by a deed of trust, guaranteed by James M. Rhodes, paid off during 2004			500,000
Note payable to an individual, payable in monthly installments of interest only at 10% per annum, maturing June 2005, collateralized by a deed of trust, guaranteed by James M. Rhodes	*	248,000	248,000
Note payable to a lending institution, payable in semi-annual installments of interest only at 9% per annum, maturing March 2005, collateralized by a deed of trust, guaranteed by James M. Rhodes	*	550,000	550,000
Note payable to a corporation, payable in monthly installments of interest only at LIBOR (2.4% at December 31, 2004) plus 3.9% per annum, maturing October 2005, collateralized by deeds of trust, guaranteed by Sagebrush Enterprises, Inc. and James M. Rhodes		8,183,103	3,667,630

* Note payable relates to a variable interest entity

	2004	2003
Notes payable to an individual, payable in monthly installments of interest only at 8% per annum, collateralized by deeds of trust, maturing November 2014	* \$ 250,000	\$
Notes payable to an individual, payable in quarterly installments of interest only at 8% per annum, collateralized by a deed of trust, maturing October 2014	* 650,000	
Note payable to an individual, payable in quarterly installments of interest only at 8% per annum, maturing October 2009, collateralized by a deed of trust	* 575,168	
Note payable to a lending institution, payable in monthly installments of interest only at prime (5.25% at December 31, 2004) plus 1.5% per annum, maturing May 2005, collateralized by a deed of trust	* 3,574,440	
Note payable to a lending institution, payable in monthly installments of interest only at 8% per annum, maturing December 2008, collateralized by a deed of trust	* 112,500	
Note payable to a lending institution, payable in monthly installments of interest only at 7% per annum, maturing December 2014, collateralized by a deed of trust	* 64,000	
Note payable to a corporation, payable in monthly installments of interest only at 10% per annum, maturing November 2009, collateralized by a deed of trust	* 24,000	
Note payable to a corporation, payable in monthly installments of interest only at 6% per annum, maturing December 2007, collateralized by a deed of trust	* 65,000	
Notes payable to a bank, payable in monthly installments, including interest at 7.75% per annum, maturing July through October 2007, collateralized by equipment, guaranteed by James M. Rhodes	30,183	39,842
Note payable to a bank, payable in monthly installments of \$718, including interest at 8% per annum, collateralized by equipment, guaranteed by James M. Rhodes, paid off during 2004		6,207
Note payable to a corporation, payable in monthly principal and interest installments of \$24,179, at 7.50%, maturing June 2008, collateralized by substantially all of the TGC's golf course maintenance equipment.	890,732	
Notes payable to a financial institution, collateralized by a deed of trust, payable in monthly installments of interest only at prime (5.25% at December 31, 2004) plus 1.5% per annum, and guaranteed by Rhodes Design and Development Corporation and James Rhodes, paid in full during 2004.		2,856,386
Notes payable to a bank, payable in monthly installments of interest only at prime rate (5.25% at December 31, 2004) plus 1% per annum, collateralized by deed of trust, guaranteed by sole stockholder		2,656,833
Note payable to a lending institution payable in monthly installments of interest only at 5.00% per annum, collateralized by a deed of trust, guaranteed by the sole stockholder		783,521
Note payable to a lending institution payable in monthly installments of interest only at the Colonial Bank Base Rate (4% at December 31, 2004) plus .5% per annum, interest rate not to be less than 5% per annum, collateralized by a deed of trust, guaranteed by the sole stockholder		519,116

* Note payable relates to a variable interest entity

	2004	2003
Notes payable to lending institutions and banks, payable in monthly installments with various payments including interest at 0% to 9.6%, per annum, with maturity dates from January 2005 to October 2009, collateralized by vehicles and equipment	\$ 428,926	\$ 94,653
Notes payable to a lending institution including interest at 17.99% per annum, maturing August 2006, collateralized by equipment, paid in full in 2004		12,443
Notes payable to a financial institution, collateralized by a deed of trust, payable in monthly installments of interest only at prime (5.25% at December 31, 2004) plus 1% per annum, maturing December 2006, guaranteed by James Rhodes (2)	2,937,375	
Notes payable to a financial institution, collateralized by a deed of trust, payable in monthly installments of interest only at prime (5.25% at December 31, 2004) plus 1.5% per annum, interest rate not to be less than 5.25%, maturing June 2005, guaranteed by James Rhodes	12,012,037	
Notes payable to a financial institution, collateralized by a deed of trust, payable in monthly installments of interest only at 3.9% plus LIBOR (2.4% at December 31, 2004) per annum, maturing September 2006, guaranteed by James Rhodes (3)	13,572,900	
Notes payable to a financial institution, collateralized by a deed of trust, payable in monthly installments of interest only at 5% per annum, maturing April 2005, guaranteed by James Rhodes	166,532	
Notes payable to a financial institution, collateralized by deeds of trust, guaranteed by Rhodes Design and Development Corporation, payable in monthly installments of interest only at LIBOR (2.4% at December 31, 2004) plus 3.9% per annum, maturing on various dates through March 2005	1,710,697	1,661,236
Note payable to a financial institution, collateralized by a deed of trust, payable in monthly installments of interest only at 13.5% per annum, maturing April 2005	<u>539,230</u>	<u>539,230</u>
Total notes payable	214,667,215	85,770,884
Obligations under capital leases	<u>676,276</u>	<u>1,005,714</u>
Total long-term debt	<u>\$ 215,343,491</u>	<u>\$ 86,776,598</u>

* Note payable relates to a variable interest entity

- (1) The Company has available a \$79,500,000 revolving development and construction loan with a lender, which is collateralized by a first deed of trust and guaranteed by James M. Rhodes. Under the terms of the agreement, interest is payable monthly at Bank One's prime rate (5.25% at December 31, 2004) plus 1%. Principal of the project loan shall be repaid upon the sale of collateral at amounts prescribed by the agreement. Portions of the project loan mature September 2005.
- (2) The Company entered into a \$13,950,000 revolving development and construction loan with a lender, of which \$2,937,375 was outstanding as of December 31, 2004, which is collateralized by a first deed of trust and guaranteed by James M. Rhodes. Under the terms of the agreement, interest is payable monthly at prime (5.25% at December 31, 2004) plus 1% per annum. Principal of the project loan shall be repaid upon the sale of collateral at amounts prescribed by the agreement. The project loan matures December 2006.

- (3) The Company has available a \$16,408,403 revolving development loan and a \$30,000,000 revolving construction line of credit with a lender, of which \$13,572,900 was outstanding as of December 31, 2004, which is collateralized by a first deed of trust and guaranteed by James M. Rhodes. Under the terms of the agreement, interest is payable monthly at LIBOR (2.4% at December 31, 2004) plus 3.9% per annum. Principal of the project loan shall be repaid upon the sale of collateral at amounts prescribed by the agreement. The project loan matures September 2006.

Notes payable (excluding capital leases) at December 31, 2004 are due in future years as follows:

2005	\$ 164,346,118
2006	19,901,812
2007	1,073,935
2008	1,745,997
2009 and thereafter	<u>27,599,353</u>
Total	<u>\$ 214,667,215</u>

A significant portion of the above loans consists of notes payable for construction of homes and development of land with remaining terms ranging from 12 to 18 months. This debt is expected to be refinanced or paid by proceeds from the sale of homes in the following year as they relate to these loans.

6. CAPITAL LEASE OBLIGATIONS

Capital lease obligations consist of the following at December 31:

	2004	2003
Capitalized lease obligations with a leasing company	\$ 757,475	\$ 1,033,426
Other capital lease obligations	<u>24,133</u>	<u>64,867</u>
Gross capital lease obligations	781,608	1,098,293
Less interest	<u>(105,332)</u>	<u>(92,579)</u>
Total capital lease obligations	<u>\$ 676,276</u>	<u>\$ 1,005,714</u>

The following is a schedule by years of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2004:

2005	\$ 360,382
2006	315,894
2007	
Total capital lease obligations	<u>\$ 676,276</u>

7. RELATED PARTY TRANSACTIONS

Notes payable to related parties consist of the following at December 31:

	2004	2003
Note payable to sole stockholder, unsecured, maturing July 2008, including interest at 5% per annum	\$2,991,667	\$2,991,667
Note payable to Rainbow Canyon, LLC, collateralized by a UCC-1 Filing with the Nevada Secretary of State and the Clark County Recorder, payable in full, including accrued interest at 7% per annum, due upon demand	<u>200,014</u>	<u>200,014</u>
Total due to related parties	<u>\$3,191,681</u>	<u>\$3,191,681</u>

During the years ended December 31, services were provided and funds for use in operations were advanced to related parties. The total amounts due from related parties as of December 31 are as follows:

	2004	2003
Tropicana Durango, Ltd. ⁽¹⁾	\$ 779,374	\$ 573,504
James M. Rhodes Children's Irrevocable Education Trust	232,147	220,272
Westwood Partners	3,855	-
Spirit Underground, LLC	12,567	-
Other	<u>-</u>	<u>(10,790)</u>
Total due from related parties	<u>\$1,027,943</u>	<u>\$ 782,986</u>

(1) Due from related party, bears interest at 12% per annum.

Unless otherwise noted, all advances are unsecured and non-interest bearing, and there is no specific due date. The Company recognized \$10,789 and \$90,568 in interest income during the years ended December 31, 2004 and 2003, respectively, on related-party receivables.

In addition, related parties provided services and made advances for operating expenditures to the Company. Total advances and other amounts payable to related parties are as follows at December 31:

	2004	2003
Meldrum Family Trust ⁽¹⁾	\$	\$ 700,004
Rainbow Canyon	155,909	129,420
Badger Security dba Rhodes Engineering		1,062
James M. Rhodes	62,703	7,625
Preserves HOA		1,196
Rhodes Ranch HOA		5,400
Other distributions payable		4,654
The Falls HOA		4,250
Leonard Rhodes	101,000	101,000
Rhodes Holding, Ltd.	165,000	165,000
Spirit Underground, LLC	<u>223,279</u>	
Total due to related parties	<u>\$ 707,891</u>	<u>\$ 1,119,611</u>

⁽¹⁾ Amount represents a note payable, payable in quarterly interest-only installments at 8% per annum, matured June 2004, collateralized by a deed of trust.

All amounts due to and from related parties are unsecured, non-interest bearing, and have no stated due dates, unless otherwise noted.

The related parties referred to above consist of various entities that are controlled by the majority stockholder of the Company or are limited partners in affiliated entities.

As a result of the above related party transactions, including interest payments, construction services, and distributions of cash, the Company had the following transactions with related parties for the years ended December 31:

Name of Business	2004	2003
Rhodes Ranch Association	-	54,847
The Falls Association	-	36,275
Rhodes Holding, Ltd.	20,800	20,800
Leonard/Betsy Rhodes	63,130	18,270
Villas Association	-	10,200
Vistana Association	-	65,832
Tropicana Durango, Ltd.	310,725	164,900
Rhodes Engineering	-	15,000
Westwood Properties	-	2,020
Granada Hills Association	106,000	-
Spirit Underground, LLC	9,314,431	-
Glynda Rhodes	13,224	-
Jim Rhodes	8,580,911	-

8. VARIABLE INTEREST ENTITIES

The purpose of the variable interest entities is to hold land for investment or develop land to sell. The following variable interest entities have been included in the consolidated financial statements:

Entity	Total Assets (before eliminations)	Total Assets Serving as Collateral for Related Debt
Tick, LP	\$ 5,197,278	\$ 5,172,764
Tock, LP	15,242,116	15,166,282
Glynda, LP	6,715,548	6,690,895
Chalkline, LP	1,102,023	1,078,392
Batcave, LP	3,688,895	3,666,857
Jackknife, LP	1,116,272	1,103,722
Walboard, LP	200,211	200,211
Tapemeasure, LP	12,200,233	12,200,223
Overflow, LP	6,889,329	6,099,157
Joshua Choya, LLC	10,922,627	0
American Land Management, LLC	10,663,389	3,508,389
Federal Land Management, LLC	0	0
South Dakota Conservancy, LLC	1,181,264	866,167
Sedora Holdings, LLC	94,665,606	19,921,759
MJR Investment Trust	41,652,302	0
RRR Investment Trust	41,652,302	0
Gypsum Resources, LLC	56,819,412	56,209,567

9. COMMITMENTS AND CONTINGENCIES

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

* * * * *

Perkins Mountain Utility Company
Index to Schedules

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Arkansas Mountain Utility Company
Projected Balance Sheet

Schedule A-1
Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Current Assets					
Cash	\$ 80,933	\$ 56,581	\$ 247,043	\$ 84,091	\$ 2,233,172
Accounts Receivable	-	-	-	-	-
Other	-	-	-	-	-
Total Current Assets	\$ 80,933	\$ 56,581	\$ 247,043	\$ 84,091	\$ 2,233,172
Fixed Assets					
Utility Plant in Service	\$ 4,548,325	\$ 7,937,725	\$ 9,541,950	\$ 16,915,025	\$ 19,024,350
(less) Accumulated Depreciation	113,802	388,726	727,052	1,242,847	1,943,357
Net Plant in Service	\$ 4,434,523	\$ 7,548,999	\$ 8,814,898	\$ 15,672,178	\$ 17,080,993
CWIP	677,880	320,845	1,474,615	421,865	400,000
Total Assets	\$ 5,193,337	\$ 7,926,425	\$ 10,536,555	\$ 16,178,134	\$ 19,714,165
Liabilities and Capital					
Current and Accrued Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Notes Payable	-	-	-	-	-
Accrued Taxes	-	-	-	-	-
Accrued Interest	-	-	-	-	-
Other	-	-	-	-	-
Total Current and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Long-Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-
Deferred Credits					
Advances in aid of Construction	\$ 1,853,325	\$ 4,002,168	\$ 5,565,418	\$ 7,381,387	\$ 9,230,777
Contributions in aid of Const. (net)	219,370	771,972	1,765,345	2,931,023	4,267,909
Accumulated Deferred Income Tax	-	-	-	-	-
Total Deferred Credits	\$ 2,072,695	\$ 4,774,140	\$ 7,330,763	\$ 10,312,410	\$ 13,498,687
Total Liabilities	\$ 2,072,695	\$ 4,774,140	\$ 7,330,763	\$ 10,312,410	\$ 13,498,687
Capital Account					
Common Stock	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Preferred	-	-	-	-	-
Paid in Capital	3,200,000	3,400,000	3,400,000	5,900,000	5,900,000
Retained Earnings	(129,359)	(297,715)	(244,208)	(84,276)	265,478
Total Capital	\$ 3,120,641	\$ 3,152,285	\$ 3,205,792	\$ 5,865,724	\$ 6,215,478
Total Liabilities and Capital	\$ 5,193,337	\$ 7,926,425	\$ 10,536,555	\$ 16,178,134	\$ 19,714,165

Kins Mountain Utility Company
Projected Income Statement

Schedule A-2
Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Water Sales	\$ 46,997	\$ 308,731	\$ 649,531	\$ 1,131,379	\$ 1,706,083
Establishment Charge	-	-	-	-	-
Other Operating Revenue	-	-	-	-	-
Total Operating Revenue	\$ 46,997	\$ 308,731	\$ 649,531	\$ 1,131,379	\$ 1,706,083
Operating Expenses					
Salaries and Wages	\$ 25,000	\$ 52,000	\$ 54,080	\$ 84,365	\$ 116,986
Employee Pensions and Benefits	6,000	12,480	12,979	20,248	28,077
Purchased Wastewater Treatment	-	-	-	-	-
Sludge Removal Expense	104	959	2,578	4,931	7,738
Purchased Power	11,656	62,274	108,824	176,463	257,168
Fuel for Power Production	250	258	265	273	281
Chemicals	518	4,795	12,891	24,654	38,690
Materials and Supplies	1,000	4,000	4,500	5,000	5,500
Contract Services					
Engineering	500	2,060	2,122	2,185	2,251
Accounting	1,250	5,150	5,305	5,464	5,628
Legal	1,250	5,150	5,305	5,464	5,628
Management	2,500	10,300	10,609	10,927	11,255
Testing	1,000	4,120	4,244	4,371	4,502
Administrative	7,500	30,900	31,827	32,782	33,765
Billing	456	4,146	10,698	19,908	30,846
Rental of Building/Property	750	3,090	3,183	3,278	3,377
Rental of Equipment	250	1,030	1,061	1,093	1,126
Transportation Expense	1,250	5,150	5,305	5,464	5,628
Insurance					
Vehicles	250	1,030	1,061	2,185	2,251
General Liability	375	1,545	1,591	1,639	1,688
Workman's Comp	375	1,545	1,591	1,639	1,688
Other	-	-	-	-	-
Advertising Expense	-	-	-	-	-
Rate Case Amortization	-	-	-	-	-
Regulatory Commission	-	-	-	-	-
Bad Debt	235	1,544	3,248	5,657	8,530
Miscellaneous	750	3,090	3,183	3,278	3,377
Depreciation (net of CIAC amort)	108,172	247,026	272,199	420,473	529,896
Taxes other than Income					
Property Taxes	3,723	9,571	20,308	34,731	56,628
Payroll Taxes	2,500	5,200	5,408	8,436	11,699
Other Taxes and Licenses	-	-	-	-	-
Income Taxes	50	50	14,698	89,850	205,300
Total Operating Expenses	\$ 177,665	\$ 478,462	\$ 599,060	\$ 974,758	\$ 1,379,501
Operating Income or (Loss)	\$ (130,668)	\$ (169,731)	\$ 50,470	\$ 156,621	\$ 326,581
Other Income/Expenses					
Interest Income	\$ 1,309	\$ 1,375	\$ 3,036	\$ 3,311	\$ 23,173
Other Income	-	-	-	-	-
Other Expense	-	-	-	-	-
Interest Expense	-	-	-	-	-
Total Other Income/Expense	\$ 1,309	\$ 1,375	\$ 3,036	\$ 3,311	\$ 23,173
Income (Loss)	\$ (129,359)	\$ (168,356)	\$ 53,507	\$ 159,933	\$ 349,754

Kins Mountain Utility Company
 Projected Plant in Service and Depreciation
 By NARUC Plant Account

Schedule A-3
 Page 1

			Year 1	Year 1	Year 1	Year 1	Year 1
		Depreciation Rate	Additions	Depreciation*	Original Cost	Accumulated Depreciation	OCLD
351	Organization	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
352	Franchises	0.00%	-	-	-	-	-
353	Land and Land Rights	0.00%	-	-	-	-	-
354	Structures and Improvements	3.33%	-	-	-	-	-
355	Power Generation Equipment	5.00%	50,000	1,250	50,000	1,250	48,750
360	Collection Sewers - Force Mains	2.00%	-	-	-	-	-
361	Collection Sewers - Gravity Mains	2.00%	1,228,225	12,282	1,228,225	12,282	1,215,943
362	Special Collecting Structures	2.00%	-	-	-	-	-
363	Services to Customers	2.00%	69,100	691	69,100	691	68,409
364	Flow Measuring Devices	10.00%	-	-	-	-	-
365	Flow Measuring Installations	10.00%	-	-	-	-	-
366	Reuse Services	2.00%	2,000	20	2,000	20	1,980
367	Reuse Meters and Meter Installations	8.33%	4,000	167	4,000	167	3,833
370	Receiving Wells	3.33%	-	-	-	-	-
371	Pumping Equipment	12.50%	650,000	40,625	650,000	40,625	609,375
374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-
375	Reuse Transmission and Distribution Sys.	2.50%	550,000	6,875	550,000	6,875	543,125
380	Treatment and Disposal Equipment	5.00%	1,950,000	48,750	1,950,000	48,750	1,901,250
381	Plant Sewers	5.00%	-	-	-	-	-
382	Outfall Sewer Lines	3.33%	-	-	-	-	-
389	Other Plant and Miscellaneous Equipment	6.67%	-	-	-	-	-
390	Office Furniture and Equipment	6.67%	5,000	167	5,000	167	4,833
390.1	Computers and Software	20.00%	2,500	250	2,500	250	2,250
391	Transportation Equipment	20.00%	22,000	2,200	22,000	2,200	19,800
392	Stores Equipment	4.00%	-	-	-	-	-
393	Tools, Shop and Garage Equipment	5.00%	10,000	250	10,000	250	9,750
394	Laboratory Equipment	10.00%	5,000	250	5,000	250	4,750
395	Power Operated Equipment	5.00%	-	-	-	-	-
396	Communications Equipment	10.00%	500	25	500	25	475
397	Miscellaneous Equipment	10.00%	-	-	-	-	-
398	Other Tangible Plant		-	-	-	-	-
Totals			\$ 4,548,325	\$ 113,802	\$ 4,548,325	\$ 113,802	\$ 4,434,523
Composite Rate (by year)			2.50%				

* 1/2 year convention used for plant additions

Kins Mountain Utility Company
 Projected Plant in Service and Depreciation
 By NARUC Plant Account

Schedule A-3
 Page 2

	Depreciation Rate	Year 2	Year 2	Year 2	Year 2	Year 2
		Additions	Depreciation*	Original Cost	Accumulated Depreciation	OCLD
351 Organization	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
352 Franchises	0.00%	-	-	-	-	-
353 Land and Land Rights	0.00%	225,000	-	225,000	-	225,000
354 Structures and Improvements	3.33%	-	-	-	-	-
355 Power Generation Equipment	5.00%	50,000	3,750	100,000	5,000	95,000
360 Collection Sewers - Force Mains	2.00%	-	-	-	-	-
361 Collection Sewers - Gravity Mains	2.00%	1,796,700	42,532	3,024,925	54,814	2,970,111
362 Special Collecting Structures	2.00%	-	-	-	-	-
363 Services to Customers	2.00%	109,200	2,474	178,300	3,165	175,135
364 Flow Measuring Devices	10.00%	-	-	-	-	-
365 Flow Measuring Installations	10.00%	-	-	-	-	-
366 Reuse Services	2.00%	-	40	2,000	60	1,940
367 Reuse Meters and Meter Installations	8.33%	-	333	4,000	500	3,500
370 Receiving Wells	3.33%	-	-	-	-	-
371 Pumping Equipment	12.50%	-	81,250	650,000	121,875	528,125
374 Reuse Distribution Reservoirs	2.50%	-	-	-	-	-
375 Reuse Transmission and Distribution Sys.	2.50%	256,000	16,950	806,000	23,825	782,175
380 Treatment and Disposal Equipment	5.00%	950,000	121,250	2,900,000	170,000	2,730,000
381 Plant Sewers	5.00%	-	-	-	-	-
382 Outfall Sewer Lines	3.33%	-	-	-	-	-
389 Other Plant and Miscellaneous Equipment	6.67%	-	-	-	-	-
390 Office Furniture and Equipment	6.67%	-	334	5,000	500	4,500
390.1 Computers and Software	20.00%	-	500	2,500	750	1,750
391 Transportation Equipment	20.00%	-	4,400	22,000	6,600	15,400
392 Stores Equipment	4.00%	-	-	-	-	-
393 Tools, Shop and Garage Equipment	5.00%	2,500	563	12,500	813	11,688
394 Laboratory Equipment	10.00%	-	500	5,000	750	4,250
395 Power Operated Equipment	5.00%	-	-	-	-	-
396 Communications Equipment	10.00%	-	50	500	75	425
397 Miscellaneous Equipment	10.00%	-	-	-	-	-
398 Other Tangible Plant	-	-	-	-	-	-
Totals		\$ 3,389,400	\$ 274,925	\$ 7,937,725	\$ 388,726	\$ 7,548,999
Composite Rate (by year)		3.46%				

* 1/2 year convention used for plant additions

kins Mountain Utility Company
 Projected Plant in Service and Depreciation
 By NARUC Plant Account

Schedule A-3
 Page 3

	Depreciation Rate	Year 3	Year 3	Year 3	Year 3	Year 3
		Additions	Depreciation*	Original Cost	Accumulated Depreciation	OCLD
351 Organization	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
352 Franchises	0.00%	-	-	-	-	-
353 Land and Land Rights	0.00%	-	-	225,000	-	225,000
354 Structures and Improvements	3.33%	-	-	-	-	-
355 Power Generation Equipment	5.00%	-	5,000	100,000	10,000	90,000
360 Collection Sewers - Force Mains	2.00%	-	-	-	-	-
361 Collection Sewers - Gravity Mains	2.00%	1,448,225	74,981	4,473,150	129,795	4,343,356
362 Special Collecting Structures	2.00%	-	-	-	-	-
363 Services to Customers	2.00%	153,500	5,101	331,800	8,266	323,534
364 Flow Measuring Devices	10.00%	-	-	-	-	-
365 Flow Measuring Installations	10.00%	-	-	-	-	-
366 Reuse Services	2.00%	-	40	2,000	100	1,900
367 Reuse Meters and Meter Installations	8.33%	-	333	4,000	833	3,167
370 Receiving Wells	3.33%	-	-	-	-	-
371 Pumping Equipment	12.50%	-	81,250	650,000	203,125	446,875
374 Reuse Distribution Reservoirs	2.50%	-	-	-	-	-
375 Reuse Transmission and Distribution Sys.	2.50%	-	20,150	806,000	43,975	762,025
380 Treatment and Disposal Equipment	5.00%	-	145,000	2,900,000	315,000	2,585,000
381 Plant Sewers	5.00%	-	-	-	-	-
382 Outfall Sewer Lines	3.33%	-	-	-	-	-
389 Other Plant and Miscellaneous Equipment	6.67%	-	-	-	-	-
390 Office Furniture and Equipment	6.67%	-	334	5,000	834	4,166
390.1 Computers and Software	20.00%	-	500	2,500	1,250	1,250
391 Transportation Equipment	20.00%	-	4,400	22,000	11,000	11,000
392 Stores Equipment	4.00%	-	-	-	-	-
393 Tools, Shop and Garage Equipment	5.00%	2,500	688	15,000	1,500	13,500
394 Laboratory Equipment	10.00%	-	500	5,000	1,250	3,750
395 Power Operated Equipment	5.00%	-	-	-	-	-
396 Communications Equipment	10.00%	-	50	500	125	375
397 Miscellaneous Equipment	10.00%	-	-	-	-	-
398 Other Tangible Plant	-	-	-	-	-	-
Totals		\$ 1,604,225	\$ 338,326	\$ 9,541,950	\$ 727,052	\$ 8,814,898
Composite Rate (by year)		3.55%				

* 1/2 year convention used for plant additions

Arkins Mountain Utility Company
 Projected Plant in Service and Depreciation
 By NARUC Plant Account

Schedule A-3
 Page 4

	Depreciation Rate	Year 4	Year 4	Year 4	Year 4	Year 4
		Additions	Depreciation*	Original Cost	Accumulated Depreciation	OCLD
351 Organization	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
352 Franchises	0.00%	-	-	-	-	-
353 Land and Land Rights	0.00%	300,000	-	525,000	-	525,000
354 Structures and Improvements	3.33%	250,000	4,163	250,000	4,163	245,838
355 Power Generation Equipment	5.00%	100,000	7,500	200,000	17,500	182,500
360 Collection Sewers - Force Mains	2.00%	-	-	-	-	-
361 Collection Sewers - Gravity Mains	2.00%	1,585,025	105,313	6,058,175	235,108	5,823,067
362 Special Collecting Structures	2.00%	-	-	-	-	-
363 Services to Customers	2.00%	182,300	8,459	514,100	16,725	497,375
364 Flow Measuring Devices	10.00%	-	-	-	-	-
365 Flow Measuring Installations	10.00%	-	-	-	-	-
366 Reuse Services	2.00%	-	40	2,000	140	1,860
367 Reuse Meters and Meter Installations	8.33%	-	333	4,000	1,166	2,834
370 Receiving Wells	3.33%	-	-	-	-	-
371 Pumping Equipment	12.50%	400,000	106,250	1,050,000	309,375	740,625
374 Reuse Distribution Reservoirs	2.50%	-	-	-	-	-
375 Reuse Transmission and Distribution Sys.	2.50%	128,250	21,753	934,250	65,728	868,522
380 Treatment and Disposal Equipment	5.00%	4,125,000	248,125	7,025,000	563,125	6,461,875
381 Plant Sewers	5.00%	25,000	625	25,000	625	24,375
382 Outfall Sewer Lines	3.33%	250,000	4,163	250,000	4,163	245,838
389 Other Plant and Miscellaneous Equipment	6.67%	-	-	-	-	-
390 Office Furniture and Equipment	6.67%	-	334	5,000	1,167	3,833
390.1 Computers and Software	20.00%	2,500	750	5,000	2,000	3,000
391 Transportation Equipment	20.00%	22,000	6,600	44,000	17,600	26,400
392 Stores Equipment	4.00%	-	-	-	-	-
393 Tools, Shop and Garage Equipment	5.00%	2,500	813	17,500	2,313	15,188
394 Laboratory Equipment	10.00%	-	500	5,000	1,750	3,250
395 Power Operated Equipment	5.00%	-	-	-	-	-
396 Communications Equipment	10.00%	500	75	1,000	200	800
397 Miscellaneous Equipment	10.00%	-	-	-	-	-
398 Other Tangible Plant	-	-	-	-	-	-
Totals		\$ 7,373,075	\$ 515,795	\$ 16,915,025	\$ 1,242,847	\$ 15,672,178
Composite Rate (by year)		3.05%				

* 1/2 year convention used for plant additions

Kings Mountain Utility Company
 Projected Plant in Service and Depreciation
 By NARUC Plant Account

Schedule A-3
 Page 5

	Depreciation Rate	Year 5	Year 5	Year 5	Year 5	Year 5
		Additions	Depreciation*	Original Cost	Accumulated Depreciation	OCLD
351 Organization	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
352 Franchises	0.00%	-	-	-	-	-
353 Land and Land Rights	0.00%	-	-	525,000	-	525,000
354 Structures and Improvements	3.33%	-	8,325	250,000	12,488	237,513
355 Power Generation Equipment	5.00%	100,000	12,500	300,000	30,000	270,000
360 Collection Sewers - Force Mains	2.00%	-	-	-	-	-
361 Collection Sewers - Gravity Mains	2.00%	1,656,275	137,726	7,714,450	372,834	7,341,616
362 Special Collecting Structures	2.00%	-	-	-	-	-
363 Services to Customers	2.00%	197,300	12,255	711,400	28,980	682,420
364 Flow Measuring Devices	10.00%	-	-	-	-	-
365 Flow Measuring Installations	10.00%	-	-	-	-	-
366 Reuse Services	2.00%	-	40	2,000	180	1,820
367 Reuse Meters and Meter Installations	8.33%	-	333	4,000	1,499	2,501
370 Receiving Wells	3.33%	-	-	-	-	-
371 Pumping Equipment	12.50%	-	131,250	1,050,000	440,625	609,375
374 Reuse Distribution Reservoirs	2.50%	-	-	-	-	-
375 Reuse Transmission and Distribution Sys.	2.50%	128,250	24,959	1,062,500	90,688	971,813
380 Treatment and Disposal Equipment	5.00%	-	351,250	7,025,000	914,375	6,110,625
381 Plant Sewers	5.00%	25,000	1,875	50,000	2,500	47,500
382 Outfall Sewer Lines	3.33%	-	8,325	250,000	12,488	237,513
389 Other Plant and Miscellaneous Equipment	6.67%	-	-	-	-	-
390 Office Furniture and Equipment	6.67%	-	334	5,000	1,501	3,499
390.1 Computers and Software	20.00%	-	1,000	5,000	3,000	2,000
391 Transportation Equipment	20.00%	-	8,800	44,000	26,400	17,600
392 Stores Equipment	4.00%	-	-	-	-	-
393 Tools, Shop and Garage Equipment	5.00%	2,500	938	20,000	3,250	16,750
394 Laboratory Equipment	10.00%	-	500	5,000	2,250	2,750
395 Power Operated Equipment	5.00%	-	-	-	-	-
396 Communications Equipment	10.00%	-	100	1,000	300	700
397 Miscellaneous Equipment	10.00%	-	-	-	-	-
398 Other Tangible Plant	-	-	-	-	-	-
Totals		\$ 2,109,325	\$ 700,510	\$ 19,024,350	\$ 1,943,357	\$ 17,080,993
Composite Rate (by year)		3.68%				

* 1/2 year convention used for plant additions

Wkins Mountain Utility Company
Projected Rate Base and Return

Schedule A-4
Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
Plant					
Plant In Service	\$ 4,548,325	\$ 7,937,725	\$ 9,541,950	\$ 16,915,025	\$ 19,024,350
(less) Accumulated Depreciation	113,802	388,726	727,052	1,242,847	1,943,357
Net Plant In Service	\$ 4,434,523	\$ 7,548,999	\$ 8,814,898	\$ 15,672,178	\$ 17,080,993
Deductions					
Advances In Aid of Construction	\$ 1,853,325	\$ 4,002,168	\$ 5,565,418	\$ 7,381,387	\$ 9,230,777
Total Advances	\$ 1,853,325	\$ 4,002,168	\$ 5,565,418	\$ 7,381,387	\$ 9,230,777
Contributions in Aid of Construction	\$ 225,000	\$ 805,500	\$ 1,865,000	\$ 3,126,000	\$ 4,633,500
(less) Amortization of CIAC	5,630	33,528	99,655	194,977	365,591
Net AIAC	\$ 219,370	\$ 771,972	\$ 1,765,345	\$ 2,931,023	\$ 4,267,909
Total Deductions	\$ 2,072,695	\$ 4,774,140	\$ 7,330,763	\$ 10,312,410	\$ 13,498,687
Rate Base	\$ 2,361,828	\$ 2,774,859	\$ 1,484,134	\$ 5,359,769	\$ 3,582,307
Operating Income	\$ (130,668)	\$ (169,731)	\$ 50,470	\$ 156,621	\$ 326,581
Rate of Return	-5.5%	-6.1%	3.4%	2.9%	9.1%

Wkins Mountain Utility Company
 Advances In Aid of Construction and Refunds
 By NARUC Plant Account

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 Page 1

Advances	Percent Advanced	Year 1	Year 2	Year 3	Year 4	Year 5
351 Organization	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
352 Franchises	0.0%	-	-	-	-	-
353 Land and Land Rights						
Golden Valley	0.0%	-	-	-	-	-
White Hills	0.0%	-	-	-	-	-
354 Structures and Improvements						
Golden Valley	0.0%	-	-	-	-	-
White Hills	0.0%	-	-	-	-	-
355 Power Generation Equipment						
Golden Valley	0.0%	-	-	-	-	-
White Hills	0.0%	-	-	-	-	-
360 Collection Sewers - Force Mains						
Golden Valley	0.0%	-	-	-	-	-
White Hills	0.0%	-	-	-	-	-
361 Collection Sewers - Gravity Mains						
Backbone - Golden Valley	100.0%	900,000	450,000	450,000	450,000	450,000
Backbone - White Hills	100.0%	-	828,000	269,100	269,100	269,100
Subdivisions	100.0%	328,225	518,700	729,125	865,925	937,175
362 Special Collecting Structures	0.0%	-	-	-	-	-
363 Services to Customers	100.0%	69,100	109,200	153,500	182,300	197,300
364 Flow Measuring Devices	0.0%	-	-	-	-	-
365 Flow Measuring Installations	0.0%	-	-	-	-	-
366 Reuse Services						
Golden Valley	100.0%	2,000	-	-	-	-
White Hills	100.0%	-	-	-	-	-
367 Reuse Meters and Meter Installations						
Golden Valley	100.0%	4,000	-	-	-	-
White Hills	100.0%	-	-	-	-	-
370 Receiving Wells						
Golden Valley	0.0%	-	-	-	-	-
White Hills	0.0%	-	-	-	-	-
371 Pumping Equipment						
Golden Valley	0.0%	-	-	-	-	-
White Hills	0.0%	-	-	-	-	-
374 Reuse Distribution Reservoirs						
Golden Valley	0.0%	-	-	-	-	-
White Hills	0.0%	-	-	-	-	-
375 Reuse Transmission and Distribution Sys.						
Golden Valley	100.0%	550,000	-	-	128,250	128,250
White Hills	100.0%	-	256,000	-	-	-
380 Treatment and Disposal Equipment						
Golden Valley	0.0%	-	-	-	-	-
White Hills	0.0%	-	-	-	-	-
381 Plant Sewers						
Golden Valley	0.0%	-	-	-	-	-
White Hills	0.0%	-	-	-	-	-
382 Outfall Sewer Lines						
Golden Valley	0.0%	-	-	-	-	-
White Hills	0.0%	-	-	-	-	-

Jenkins Mountain Utility Company
 Advances In Aid of Construction and Refunds
 By NARUC Plant Account

Schedule A-4a
 Page 2

Advances	Percent Advanced	Year 1	Year 2	Year 3	Year 4	Year 5
389 Other Plant and Miscellaneous Equipment	0.0%	-	-	-	-	-
390 Office Furniture and Equipment	0.0%	-	-	-	-	-
390.1 Computers and Software	0.0%	-	-	-	-	-
391 Transportation Equipment	0.0%	-	-	-	-	-
392 Stores Equipment	0.0%	-	-	-	-	-
393 Tools, Shop and Garage Equipment	0.0%	-	-	-	-	-
394 Laboratory Equipment	0.0%	-	-	-	-	-
395 Power Operated Equipment	0.0%	-	-	-	-	-
396 Communications Equipment	0.0%	-	-	-	-	-
397 Miscellaneous Equipment	0.0%	-	-	-	-	-
398 Other Tangible Plant	0.0%	-	-	-	-	-
Annual Advances		\$ 1,853,325	\$ 2,161,900	\$ 1,601,725	\$ 1,895,575	\$ 1,981,825
Cumulative Advances		\$ 1,853,325	\$ 4,015,225	\$ 5,616,950	\$ 7,512,525	\$ 9,494,350
Refunds						
Refundable Revenue (Treatment Only)		\$ -	\$ 130,572	\$ 384,744	\$ 796,068	\$ 1,324,344
Annual Refund	10.0%	-	13,057	38,474	79,607	132,434
Cumulative Refunds		\$ -	\$ 13,057	\$ 51,532	\$ 131,138	\$ 263,573
Advance Balance		\$ 1,853,325	\$ 4,002,168	\$ 5,565,418	\$ 7,381,387	\$ 9,230,777

Arkansas Mountain Utility Company
 Projected Contributions in Aid of Construction (Hook-Up Fees)
 By Customer Class

Schedule A-4b
 Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
Contributions - Summary					
Residential	\$ 225,000	\$ 577,500	\$ 1,050,000	\$ 1,230,000	\$ 1,470,000
Commercial	-	3,000	9,500	31,000	37,500
Industrial	-	-	-	-	-
Total Hook-Up Fees	\$ 225,000	\$ 580,500	\$ 1,059,500	\$ 1,261,000	\$ 1,507,500
Cumulative Hook-Up Fees	\$ 225,000	\$ 805,500	\$ 1,865,000	\$ 3,126,000	\$ 4,633,500
Amortization					
Composite Rate	2.50%	3.46%	3.55%	3.05%	3.68%
Amortization	\$ 5,630	\$ 27,899	\$ 66,127	\$ 95,322	\$ 170,614
Cumulative Amortization	\$ 5,630	\$ 33,528	\$ 99,655	\$ 194,977	\$ 365,591
Contribution Balance	\$ 219,370	\$ 771,972	\$ 1,765,345	\$ 2,931,023	\$ 4,267,909
Contributions - Detail	Fee Level				
Residential (Age Restricted)					
3/4"	\$ 1,500	\$ 112,500	\$ 270,000	\$ 315,000	\$ 375,000
Residential (Conventional Family)					
3/4"	\$ 1,500	112,500	307,500	735,000	855,000
1"	\$ 2,500	-	-	-	1,027,500
Commercial					
3/4"	\$ 1,500	-	3,000	4,500	7,500
1"	\$ 2,500	-	-	5,000	7,500
1-1/2"	\$ 5,000	-	-	-	10,000
2"	\$ 8,000	-	-	-	20,000
Industrial					
1-1/2"	\$ 5,000	-	-	-	-
2"	\$ 8,000	-	-	-	-
3"	\$ 15,000	-	-	-	-
4"	\$ 25,000	-	-	-	-

Wkins Mountain Utility Company
Proposed Rate Design

Schedule A-5
Page 1

Monthly Customer Charges - Treatment

3/4"	Meter	\$	52.00
1"	Meter	\$	60.00
1-1/2"	Meter	\$	173.00
2"	Meter	\$	276.00
3"	Meter	\$	518.00
4"	Meter	\$	863.00
6"	Meter	\$	1,725.00
8"	Meter	\$	2,760.00

Gallons included in Monthly Customer Charge All

Service Charges

Establishment (a)	\$	30.00
Establishment (After Hours) (a)	\$	50.00
Re-Establishment (Within 12 Months)	*	
Reconnection (Delinquent) (a)	\$	40.00
NSF Check (a)	\$	25.00
Deferred Payment		1.5%
Late Payment Penalty (Per Month)		1.5%
Deposit Interest	**	
Deposit	**	
Moving service at customer request	***	

(a) Collected only if customer is not also a water customer

* Number of months off system times the monthly customer charge for meter size

** Per Commission Rule R14-2-603.B

*** Cost to include parts, labor, overhead and all applicable taxes

Effluent Sales

All meter Sizes	per acre-foot	\$	200
	per 1,000 gallons	\$	0.61

Hookup Fees (CIAC)

3/4"	Meter	\$	1,500.00
1"	Meter	\$	2,500.00
1-1/2"	Meter	\$	5,000.00
2"	Meter	\$	8,000.00
3"	Meter	\$	15,000.00
4"	Meter	\$	25,000.00
6"	Meter	\$	50,000.00
8"	Meter	\$	80,000.00

Arkins Mountain Utility Company
Projected Property Taxes

Schedule A-6
Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Annual Revenue	\$ 46,997	\$ 308,731	\$ 649,531	\$ 1,131,379	\$ 1,706,083
3-Yr Average Revenue	46,997	177,864	335,086	696,547	1,162,331
CWIP @ 12/31	677,880	320,845	1,474,615	421,865	400,000
Book Value of Transportation Equip	19,800	15,400	11,000	26,400	17,600
Calculate Full Cash Value					
2 x 3-Yr Average Revenue	\$ 93,993	\$ 355,728	\$ 670,172	\$ 1,393,094	\$ 2,324,662
+ 10% of CWIP	67,788	32,085	147,462	42,187	40,000
- Transportation Equip	(19,800)	(15,400)	(11,000)	(26,400)	(17,600)
Full Cash Value	\$ 141,981	\$ 372,412	\$ 806,634	\$ 1,408,880	\$ 2,347,062
Assessment Ratio	25.0%	24.5%	24.0%	23.5%	23.0%
Assessed Value	\$ 35,495	\$ 91,241	\$ 193,592	\$ 331,087	\$ 539,824
Property Tax Rate (Avg. Mohave Cty)	10.49%	10.49%	10.49%	10.49%	10.49%
Projected Property Tax	\$ 3,723	\$ 9,571	\$ 20,308	\$ 34,731	\$ 56,628

Arkins Mountain Utility Company
 Projected Year-End Customers - Summary
 By Customer Class

Schedule A-7
 Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
All Customers					
Treatment Customers					
Residential	150	535	1,235	2,055	3,035
Commercial	-	2	7	17	30
Industrial	-	-	-	-	-
Effluent Customers					
Irrigation	2	2	2	2	2
TOTAL	<u>152</u>	<u>539</u>	<u>1,244</u>	<u>2,074</u>	<u>3,067</u>
Golden Valley South					
Treatment Customers					
Residential	150	510	930	1,430	2,020
Commercial	-	2	6	13	20
Industrial	-	-	-	-	-
Effluent Customers					
Irrigation	2	2	2	2	2
Total	<u>152</u>	<u>514</u>	<u>938</u>	<u>1,445</u>	<u>2,042</u>
The Village at White Hills					
Treatment Customers					
Residential	-	25	305	625	1,015
Commercial	-	-	1	4	10
Industrial	-	-	-	-	-
Effluent Customers					
Irrigation	-	-	-	-	-
Total	<u>-</u>	<u>25</u>	<u>306</u>	<u>629</u>	<u>1,025</u>

Arkins Mountain Utility Company
 Projected Year-End Customers - Detail
 By Customer Class and Meter Size

Schedule A-7a
 Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
All Customers					
Treatment Customers					
Residential (Age Restricted)					
3/4"	75	255	465	715	1,010
Residential (Conventional Family)					
3/4"	75	280	770	1,340	2,025
1"	-	-	-	-	-
Commercial					
3/4"	-	2	5	10	15
1"	-	-	2	5	9
1-1/2"	-	-	-	-	4
2"	-	-	-	2	2
Industrial					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	-	-	-	-	-
4"	-	-	-	-	-
Effluent Customers					
Irrigation					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	1	1	1	1	1
4"	-	-	-	-	-
6"	1	1	1	1	1
8"	-	-	-	-	-
TOTAL	152	539	1,244	2,074	3,067

Yrkins Mountain Utility Company
 Projected Year-End Customers - Detail
 By Customer Class and Meter Size

Schedule A-7a
 Page 2

	Year 1	Year 2	Year 3	Year 4	Year 5
Golden Valley South					
Treatment Customers					
Residential (Age Restricted)					
3/4"	75	255	465	715	1,010
Residential (Conventional Family)					
3/4"	75	255	465	715	1,010
1"	-	-	-	-	-
Commercial					
3/4"	-	2	4	7	10
1"	-	-	2	4	6
1-1/2"	-	-	-	-	2
2"	-	-	-	2	2
Industrial					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	-	-	-	-	-
4"	-	-	-	-	-
Effluent Customers					
Irrigation					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	1	1	1	1	1
4"	-	-	-	-	-
6"	1	1	1	1	1
8"	-	-	-	-	-
Total	152	514	938	1,445	2,042

Perkins Mountain Utility Company
 Projected Year-End Customers - Detail
 By Customer Class and Meter Size

Schedule A-7a
 Page 3

	Year 1	Year 2	Year 3	Year 4	Year 5
The Village at White Hills					
Treatment Customers					
Residential (Age Restricted)					
3/4"	-	-	-	-	-
Residential (Conventional Family)					
3/4"	-	25	305	625	1,015
1"	-	-	-	-	-
Commercial					
3/4"	-	-	1	3	5
1"	-	-	-	1	3
1-1/2"	-	-	-	-	2
2"	-	-	-	-	-
Industrial					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	-	-	-	-	-
4"	-	-	-	-	-
Effluent Customers					
Irrigation					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	-	-	-	-	-
4"	-	-	-	-	-
6"	-	-	-	-	-
8"	-	-	-	-	-
Total	-	25	306	629	1,025

Arkansas Mountain Utility Company
 Projected Average Number of Customers (used for revenue projection)
 By Customer Class and Meter Size

Schedule A-7b
 Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
Average Factor for new Growth	0.25	0.50	0.50	0.50	0.50
All Customers					
Treatment Customers					
Residential (Age Restricted)					
3/4"	19	165	360	590	863
Residential (Conventional Family)					
3/4"	19	178	525	1,055	1,683
1"	-	-	-	-	-
Commercial					
3/4"	-	1	4	8	13
1"	-	-	1	4	7
1-1/2"	-	-	-	-	2
2"	-	-	-	1	2
Industrial					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	-	-	-	-	-
4"	-	-	-	-	-
Effluent Customers					
Irrigation					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	0	1	1	1	1
4"	-	-	-	-	-
6"	0	1	1	1	1
8"	-	-	-	-	-
TOTAL	38	346	892	1,659	2,571

Perkins Mountain Utility Company
 Projected Average Number of Customers (used for revenue projection)
 By Customer Class and Meter Size

Schedule A-7b
 Page 2

	Year 1	Year 2	Year 3	Year 4	Year 5
Golden Valley South					
Treatment Customers					
Residential (Age Restricted)					
3/4"	19	165	360	590	863
Residential (Conventional Family)					
3/4"	19	165	360	590	863
1"	-	-	-	-	-
Commercial					
3/4"	-	1	3	6	9
1"	-	-	1	3	5
1-1/2"	-	-	-	-	1
2"	-	-	-	1	2
Industrial					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	-	-	-	-	-
4"	-	-	-	-	-
Effluent Customers					
Irrigation					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	0	1	1	1	1
4"	-	-	-	-	-
6"	0	1	1	1	1
8"	-	-	-	-	-
Total	38	333	726	1,192	1,744

Arkansas Mountain Utility Company
 Projected Average Number of Customers (used for revenue projection)
 By Customer Class and Meter Size

Schedule A-7b
 Page 3

	Year 1	Year 2	Year 3	Year 4	Year 5
The Village at White Hills					
Treatment Customers					
Residential (Age Restricted)					
3/4"	-	-	-	-	-
Residential (Conventional Family)					
3/4"	-	13	165	465	820
1"	-	-	-	-	-
Commercial					
3/4"	-	-	1	2	4
1"	-	-	-	1	2
1-1/2"	-	-	-	-	1
2"	-	-	-	-	-
Industrial					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	-	-	-	-	-
4"	-	-	-	-	-
Effluent Customers					
Irrigation					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	-	-	-	-	-
4"	-	-	-	-	-
6"	-	-	-	-	-
8"	-	-	-	-	-
Total	-	13	166	468	827

Yrkins Mountain Utility Company
 Projected Customer Growth
 By Customer Class and Meter Size

Schedule A-7c
 Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
All Customers					
Treatment Customers					
Residential (Age Restricted)					
3/4"	75	180	210	250	295
Residential (Conventional Family)					
3/4"	75	205	490	570	685
1"	-	-	-	-	-
Commercial					
3/4"	-	2	3	5	5
1"	-	-	2	3	4
1-1/2"	-	-	-	-	4
2"	-	-	-	2	-
Industrial					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	-	-	-	-	-
4"	-	-	-	-	-
Effluent Customers					
Irrigation					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	1	-	-	-	-
4"	-	-	-	-	-
6"	1	-	-	-	-
8"	-	-	-	-	-
TOTAL	152	387	705	830	993

Yrkins Mountain Utility Company
 Projected Customer Growth
 By Customer Class and Meter Size

Schedule A-7c
 Page 2

	Year 1	Year 2	Year 3	Year 4	Year 5
Golden Valley South					
Treatment Customers					
Residential (Age Restricted)					
3/4"	75	180	210	250	295
Residential (Conventional Family)					
3/4"	75	180	210	250	295
1"					
Commercial					
3/4"		2	2	3	3
1"			2	2	2
1-1/2"					2
2"				2	
Industrial					
1-1/2"					
2"					
3"					
4"					
Effluent Customers					
Irrigation					
1-1/2"					
2"					
3"	1				
4"					
6"	1				
8"					
Total	152	362	424	507	597

Perkins Mountain Utility Company
 Projected Customer Growth
 By Customer Class and Meter Size

Schedule A-7c
 Page 3

	Year 1	Year 2	Year 3	Year 4	Year 5
The Village at White Hills					
Treatment Customers					
Residential (Age Restricted)					
3/4"					
Residential (Conventional Family)					
3/4"	0	25	280	320	390
1"					
Commercial					
3/4"			1	2	2
1"				1	2
1-1/2"					2
2"					
Industrial					
1-1/2"					
2"					
3"					
4"					
Effluent Customers					
Irrigation					
1-1/2"					
2"					
3"					
4"					
6"					
8"					
Total	0	25	281	323	396

Merkins Mountain Utility Company
 Projected Wastewater Treatment - Summary (in 1,000 gallons)
 By Customer Class

Schedule A-8
 Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
All Customers					
Residential	2,592	23,890	64,022	121,738	190,080
Commercial	-	86	432	1,534	3,370
Industrial	-	-	-	-	-
TOTAL	2,592	23,976	64,454	123,271	193,450
Annual Average Day (MGD)	0.007	0.066	0.177	0.338	0.530
Golden Valley South					
Residential	2,592	22,810	49,766	81,562	119,232
Commercial	-	86	389	1,296	2,506
Industrial	-	-	-	-	-
Total	2,592	22,896	50,155	82,858	121,738
Annual Average Day (MGD)	0.007	0.063	0.137	0.227	0.334
The Village at White Hills					
Residential	-	1,080	14,256	40,176	70,848
Commercial	-	-	43	238	864
Industrial	-	-	-	-	-
Total	-	1,080	14,299	40,414	71,712
Annual Average Day (MGD)	-	0.003	0.039	0.111	0.196

Yrkins Mountain Utility Company
 Projected Effluent Sales - Detail (in 1,000 gallons)
 By Customer Class and Meter Size

Schedule A-8a
 Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
All Customers					
Irrigation					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	5,046	20,183	20,183	20,183	20,183
4"	-	-	-	-	-
6"	33,638	134,550	134,550	134,550	134,550
8"	-	-	-	-	-
TOTAL	38,683	154,733	154,733	154,733	154,733

Golden Valley South

Irrigation					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	5,046	20,183	20,183	20,183	20,183
4"	-	-	-	-	-
6"	33,638	134,550	134,550	134,550	134,550
8"	-	-	-	-	-
Total	38,683	154,733	154,733	154,733	154,733

White Hills

Irrigation					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	-	-	-	-	-
4"	-	-	-	-	-
6"	-	-	-	-	-
8"	-	-	-	-	-
Total	-	-	-	-	-

Perkins Mountain Utility Company
 Projected Wastewater Treatment - Detail (in 1,000 gallons)
 By Customer Class and Meter Size

Schedule A-8b
 Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
All Customers					
Residential (Age Restricted)					
3/4"	972	8,554	18,662	30,586	44,712
Residential (Conventional Family)					
3/4"	1,620	15,336	45,360	91,152	145,368
1"	-	-	-	-	-
Commercial					
3/4"	-	86	302	648	1,080
1"	-	-	130	454	907
1-1/2"	-	-	-	-	518
2"	-	-	-	432	864
Industrial					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	-	-	-	-	-
4"	-	-	-	-	-
TOTAL	2,592	23,976	64,454	123,271	193,450
Annual Average Day (MGD)	0.007	0.066	0.177	0.338	0.530

Irkins Mountain Utility Company
 Projected Wastewater Treatment - Detail (in 1,000 gallons)
 By Customer Class and Meter Size

Schedule A-8b
 Page 2

	Year 1	Year 2	Year 3	Year 4	Year 5
Golden Valley South					
Residential (Age Restricted)					
3/4"	972	8,554	18,662	30,586	44,712
Residential (Conventional Family)					
3/4"	1,620	14,256	31,104	50,976	74,520
1"	-	-	-	-	-
Commercial					
3/4"	-	86	259	475	734
1"	-	-	130	389	648
1-1/2"	-	-	-	-	259
2"	-	-	-	432	864
Industrial					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	-	-	-	-	-
4"	-	-	-	-	-
Total	2,592	22,896	50,155	82,858	121,738
Annual Average Day (MGD)	0.007	0.063	0.137	0.227	0.334

Jenkins Mountain Utility Company
 Projected Wastewater Treatment - Detail (in 1,000 gallons)
 By Customer Class and Meter Size

Schedule A-8b
 Page 3

	Year 1	Year 2	Year 3	Year 4	Year 5
The Village at White Hills					
Residential (Age Restricted)					
3/4"	-	-	-	-	-
Residential (Conventional Family)					
3/4"	-	1,080	14,256	40,176	70,848
1"	-	-	-	-	-
Commercial					
3/4"	-	-	43	173	346
1"	-	-	-	65	259
1-1/2"	-	-	-	-	259
2"	-	-	-	-	-
Industrial					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	-	-	-	-	-
4"	-	-	-	-	-
Total	-	1,080	14,299	40,414	71,712
Annual Average Day (MGD)	-	0.003	0.039	0.111	0.196

Yrkens Mountain Utility Company
 Wastewater/Effluent Demand Factors
 By Customer Class and Meter Size

Schedule A-8c
 Page 1

	Persons per Household	GPCPD	Gallons per meter or DU per day	Monthly Average Wastewater Flow (gallons)	Annual Wastewater Flow (gallons)		
Sewage Treatment Factors							
Residential (Age Restricted)							
3/4"	1.8	80	144	4,320	51,840		
Residential (Conventional Family)							
3/4"	3.0	80	240	7,200	86,400		
1"	3.0	80	240	7,200	86,400		
Commercial							
3/4"	n/a	n/a	240	7,200	86,400		
1"	n/a	n/a	360	10,800	129,600		
1-1/2"	n/a	n/a	720	21,600	259,200		
2"	n/a	n/a	1,200	36,000	432,000		
Industrial							
1-1/2"	n/a	n/a	720	21,600	259,200		
2"	n/a	n/a	1,200	36,000	432,000		
3"	n/a	n/a	3,240	97,200	1,166,400		
4"	n/a	n/a	7,200	216,000	2,592,000		
			Gallons per meter per day	Monthly Production	Lost and Unaccounted	Average Monthly Sales	Average Annual Sales
Effluent Demand Factors							
Irrigation							
1-1/2"	n/a	n/a	4,800	144,000	2.5%	140,400	1,684,800
2"	n/a	n/a	9,600	288,000	2.5%	280,800	3,369,600
3"	n/a	n/a	57,500	1,725,000	2.5%	1,681,875	20,182,500
4"	n/a	n/a	191,667	5,750,000	2.5%	5,606,250	67,275,000
6"	n/a	n/a	383,333	11,500,000	2.5%	11,212,500	134,550,000
8"	n/a	n/a	575,000	17,250,000	2.5%	16,818,750	201,825,000

Perkins Mountain Utility Company
Facilities Planning Worksheet

Schedule A-8d
Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
Golden Valley					
Treatment (MGD)					
Avg Day	0.007	0.063	0.137	0.227	0.334
Avg Day Peak Month	0.009	0.075	0.165	0.272	0.400
Peak Hour	0.021	0.188	0.412	0.681	1.001
Treatment Planned	0.200	0.200	0.200	0.500	0.500
Effluent (1,000 gal)					
Production	2,592	22,896	50,155	82,858	121,738
Demand	38,683	154,733	154,733	154,733	154,733
Recharge/Disposal	-	-	-	-	-
Supplemental Required	36,091	131,837	104,577	71,875	32,995
White Hills					
Treatment (MGD)					
Avg Day	-	0.003	0.039	0.111	0.196
Avg Day Peak Month	-	0.004	0.047	0.133	0.236
Peak Hour	-	0.009	0.118	0.332	0.589
Treatment Planned	-	0.100	0.100	0.300	0.300
Effluent (1,000 gal)					
Production	-	1,080	14,299	40,414	71,712
Demand	-	-	-	-	-
Recharge/Disposal	-	1,080	14,299	40,414	71,712
Supplemental Required	-	-	-	-	-

Arkansas Mountain Utility Company
 Projected Revenue
 By Customer Class and Meter Size

Schedule A-9
 Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
Wastewater Treatment					
Residential (Age Restricted)					
3/4"	\$ 11,700	\$ 102,960	\$ 224,640	\$ 368,160	\$ 538,200
Residential (Conventional Family)					
3/4"	11,700	110,760	327,600	658,320	1,049,880
1"	-	-	-	-	-
Commercial					
3/4"	-	624	2,184	4,680	7,800
1"	-	-	720	2,520	5,040
1-1/2"	-	-	-	-	4,152
2"	-	-	-	3,312	6,624
Industrial					
1-1/2"	-	-	-	-	-
2"	-	-	-	-	-
3"	-	-	-	-	-
4"	-	-	-	-	-
Total Wastewater Treatment	\$ 23,400	\$ 214,344	\$ 555,144	\$ 1,036,992	\$ 1,611,696
Effluent/Non-Potable Sales					
Irrigation					
1-1/2"	\$ -	\$ -	\$ -	\$ -	\$ -
2"	-	-	-	-	-
3"	3,078	12,311	12,311	12,311	12,311
4"	-	-	-	-	-
6"	20,519	82,076	82,076	82,076	82,076
8"	-	-	-	-	-
Total Effluent Sales	\$ 23,597	\$ 94,387	\$ 94,387	\$ 94,387	\$ 94,387
Total Treatment and Effluent Sales	\$ 46,997	\$ 308,731	\$ 649,531	\$ 1,131,379	\$ 1,706,083
Establishment Fees	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL Annual Revenue	\$ 46,997	\$ 308,731	\$ 649,531	\$ 1,131,379	\$ 1,706,083

Arkansas Mountain Utility Company
Projected Expenses

Schedule A-10
Page 1

Expense Category		Year 1	Year 2	Year 3	Year 4	Year 5
Operation and Maintenance						
Salaries and Wages		\$ 25,000	\$ 52,000	\$ 54,080	\$ 84,365	\$ 116,986
Employee Pensions and Benefits	24% of payroll	6,000	12,480	12,979	20,248	28,077
Purchased Wastewater Treatment		-	-	-	-	-
Sludge Removal Expense	\$ 0.04 per 1,000 gal	104	959	2,578	4,931	7,738
Purchased Power Treatment	\$ 1.15 per 1,000 gal	2,981	27,572	74,123	141,762	222,467
Purchased Power Effluent	\$ 0.22 per 1,000 gal	8,675	34,701	34,701	34,701	34,701
Fuel for Power Production	(a)	250	258	265	273	281
Chemicals	\$ 0.20 per 1,000 gal	518	4,795	12,891	24,654	38,690
Materials and Supplies		1,000	4,000	4,500	5,000	5,500
Contract Services						
Engineering	(a)	500	2,060	2,122	2,185	2,251
Accounting	(a)	1,250	5,150	5,305	5,464	5,628
Legal	(a)	1,250	5,150	5,305	5,464	5,628
Management	(a)	2,500	10,300	10,609	10,927	11,255
Testing	(a)	1,000	4,120	4,244	4,371	4,502
Administrative	(a)	7,500	30,900	31,827	32,782	33,765
Billing	\$ 1.00 per customer	456	4,146	10,698	19,908	30,846
Rental of Building/Property	(a)	750	3,090	3,183	3,278	3,377
Rental of Equipment	(a)	250	1,030	1,061	1,093	1,126
Transportation Expense	(a)	1,250	5,150	5,305	5,464	5,628
Insurance						
Vehicles	(a)	250	1,030	1,061	2,185	2,251
General Liability	(a)	375	1,545	1,591	1,639	1,688
Workman's Comp	(a)	375	1,545	1,591	1,639	1,688
Other		-	-	-	-	-
Advertising Expense		-	-	-	-	-
Rate Case Amortization		-	-	-	-	-
Regulatory Commission		-	-	-	-	-
Bad Debt	0.5% of revenue	235	1,544	3,248	5,657	8,530
Miscellaneous	(a)	750	3,090	3,183	3,278	3,377
Subtotal Operation and Maintenance		\$ 63,219	\$ 216,615	\$ 286,448	\$ 421,268	\$ 575,979
Depreciation (net of amortization of CIAC)		\$ 108,172	\$ 247,026	\$ 272,199	\$ 420,473	\$ 529,896
Taxes other than Income						
Property Taxes		3,723	9,571	20,308	34,731	56,628
Payroll Taxes	10% of payroll	2,500	5,200	5,408	8,436	11,699
Other Taxes and Licenses						
Income Taxes		50	50	14,698	89,850	205,300
Total Operating Expenses		\$ 177,665	\$ 478,462	\$ 599,060	\$ 974,758	\$ 1,379,501
(a) Inflation at	3.0%					
Cost of Power Assumptions (Effluent)						
Average Pumping Head	400 feet					
Pump/Motor efficiency	56%					
Cost per KWh	\$ 0.10					
Income Tax Calculation						
Revenue		\$ 46,997	\$ 308,731	\$ 649,531	\$ 1,131,379	\$ 1,706,083
Operating Expenses		177,615	478,412	584,363	884,908	1,174,201
Interest Expense		-	-	-	-	-
Taxable Income		\$ (130,618)	\$ (169,681)	\$ 65,168	\$ 246,471	\$ 531,882
State Tax	6.968%	50	50	4,541	17,174	37,062
Federal Taxable Income		\$ (130,668)	\$ (169,731)	\$ 60,627	\$ 229,297	\$ 494,820
Federal Tax		-	-	10,157	72,676	168,239
Total Income Tax		\$ 50	\$ 50	\$ 14,698	\$ 89,850	\$ 205,300
Combined Tax Rate		-0.04%	-0.03%	22.55%	36.45%	38.60%

Arkins Mountain Utility Company
Plant Additions - Summary
By NARUC Plant Account

Schedule A-11
Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
351 Organization	\$ -	\$ -	\$ -	\$ -	\$ -
352 Franchises	-	-	-	-	-
353 Land and Land Rights	-	225,000	-	300,000	-
354 Structures and Improvements	-	-	-	250,000	-
355 Power Generation Equipment	50,000	50,000	-	100,000	100,000
360 Collection Sewers - Force Mains	-	-	-	-	-
361 Collection Sewers - Gravity Mains	1,228,225	1,796,700	1,448,225	1,585,025	1,656,275
362 Special Collecting Structures	-	-	-	-	-
363 Services to Customers	69,100	109,200	153,500	182,300	197,300
364 Flow Measuring Devices	-	-	-	-	-
365 Flow Measuring Installations	-	-	-	-	-
366 Reuse Services	2,000	-	-	-	-
367 Reuse Meters and Meter Installations	4,000	-	-	-	-
370 Receiving Wells	-	-	-	-	-
371 Pumping Equipment	650,000	-	-	400,000	-
374 Reuse Distribution Reservoirs	-	-	-	-	-
375 Reuse Transmission and Distribution Sys.	550,000	256,000	-	128,250	128,250
380 Treatment and Disposal Equipment	1,950,000	950,000	-	4,125,000	-
381 Plant Sewers	-	-	-	25,000	25,000
382 Outfall Sewer Lines	-	-	-	250,000	-
389 Other Plant and Miscellaneous Equipment	-	-	-	-	-
390 Office Furniture and Equipment	5,000	-	-	-	-
390.1 Computers and Software	2,500	-	-	2,500	-
391 Transportation Equipment	22,000	-	-	22,000	-
392 Stores Equipment	-	-	-	-	-
393 Tools, Shop and Garage Equipment	10,000	2,500	2,500	2,500	2,500
394 Laboratory Equipment	5,000	-	-	-	-
395 Power Operated Equipment	-	-	-	-	-
396 Communications Equipment	500	-	-	500	-
397 Miscellaneous Equipment	-	-	-	-	-
398 Other Tangible Plant	-	-	-	-	-
Totals	\$ 4,548,325	\$ 3,389,400	\$ 1,604,225	\$ 7,373,075	\$ 2,109,325

Projected CWIP

CWIP Balance	\$ 677,880	\$ 320,845	\$ 1,474,615	\$ 421,865	\$ 400,000
Change in CWIP Balance	\$ 677,880	\$ (357,035)	\$ 1,153,770	\$ (1,052,750)	\$ (21,865)

Arkansas Mountain Utility Company
Plant Additions - Detail
By NARUC Plant Account

Schedule A-11a
Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
351 Organization	\$ -	\$ -	\$ -	\$ -	\$ -
352 Franchises					
353 Land and Land Rights					
Golden Valley				300,000	
White Hills		225,000			
354 Structures and Improvements					
Golden Valley				250,000	
White Hills					
355 Power Generation Equipment					
Golden Valley	50,000			100,000	
White Hills		50,000			100,000
360 Collection Sewers - Force Mains					
Golden Valley					
White Hills					
361 Collection Sewers - Gravity Mains					
Backbone - Golden Valley	900,000	450,000	450,000	450,000	450,000
Backbone - White Hills		828,000	269,100	269,100	269,100
Subdivisions	328,225	518,700	729,125	865,925	937,175
362 Special Collecting Structures					
363 Services to Customers	69,100	109,200	153,500	182,300	197,300
364 Flow Measuring Devices					
365 Flow Measuring Installations					
366 Reuse Services					
Golden Valley	2,000	-	-	-	-
White Hills	-	-	-	-	-
367 Reuse Meters and Meter Installations					
Golden Valley	4,000	-	-	-	-
White Hills	-	-	-	-	-
370 Receiving Wells					
Golden Valley					
White Hills					
371 Pumping Equipment					
Golden Valley	650,000			400,000	
White Hills					
374 Reuse Distribution Reservoirs					
Golden Valley					
White Hills					
375 Reuse Transmission and Distribution Sys.					
Golden Valley	550,000			128,250	128,250
White Hills		256,000			
380 Treatment and Disposal Equipment					
Golden Valley	1,950,000			3,625,000	
White Hills		950,000		500,000	
381 Plant Sewers					
Golden Valley				25,000	
White Hills					25,000
382 Outfall Sewer Lines					
Golden Valley				250,000	
White Hills					

Perkins Mountain Utility Company
 Plant Additions - Detail
 By NARUC Plant Account

Schedule A-11a
 Page 2

	Year 1	Year 2	Year 3	Year 4	Year 5
389 Other Plant and Miscellaneous Equipment					
390 Office Furniture and Equipment	5,000				
390.1 Computers and Software	2,500			2,500	
391 Transportation Equipment	22,000			22,000	
392 Stores Equipment					
393 Tools, Shop and Garage Equipment	10,000	2,500	2,500	2,500	2,500
394 Laboratory Equipment	5,000				
395 Power Operated Equipment					
396 Communications Equipment	500			500	
397 Miscellaneous Equipment					
398 Other Tangible Plant					
Total	\$ 4,548,325	\$ 3,389,400	\$ 1,604,225	\$ 7,373,075	\$ 2,109,325

Arkansas Mountain Utility Company
Projected Cash Flow

Schedule A-12
Page 1

	Year 1	Year 2	Year 3	Year 4	Year 5
Cash From Operations					
Beginning Cash Balance	\$ 50,000	\$ 80,933	\$ 56,581	\$ 247,043	\$ 84,091
Net Income (Loss)	(129,359)	(168,356)	53,507	159,933	349,754
Non-Cash Expense					
Depreciation Expense	108,172	247,026	272,199	420,473	529,896
Total Cash From Operations	\$ (21,187)	\$ 78,670	\$ 325,706	\$ 580,405	\$ 879,650
Cash from Financing Activities					
Long-Term Debt Issuance	\$ -	\$ -	\$ -	\$ -	\$ -
Short-Term Debt Issuance	-	-	-	-	-
Paid In Capital	3,200,000	200,000	-	2,500,000	-
Advances In Aid Of Construction	1,853,325	2,161,900	1,601,725	1,895,575	1,981,825
Contributions In Aid Of Construction	225,000	580,500	1,059,500	1,261,000	1,507,500
Security Deposits	-	-	-	-	-
Total Cash From Financing Activities	\$ 5,278,325	\$ 2,942,400	\$ 2,661,225	\$ 5,656,575	\$ 3,489,325
Cash Disbursements					
Long-Term Debt Repayment	\$ -	\$ -	\$ -	\$ -	\$ -
Short-Term Debt Repayment	-	-	-	-	-
Dividends	-	-	-	-	-
Refund of Advances In Aid of Const.	-	13,057	38,474	79,607	132,434
Capital Expenditures	5,226,205	3,032,365	2,757,995	6,320,325	2,087,460
Total Cash Disbursed	\$ 5,226,205	\$ 3,045,422	\$ 2,796,469	\$ 6,399,932	\$ 2,219,894
Ending Cash Balance	\$ 80,933	\$ 56,581	\$ 247,043	\$ 84,091	\$ 2,233,172
Interest Calculations					
Interest Earned (a)	2.0%	1,309	1,375	3,036	3,311
Interest Expense					23,173

(a) Calculated on Average Cash Balance

Appendix E

Public Hearing/Notification Information

Mohave County will insert this data
once the Public Hearing/Public Notification Information is prepared.